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INDUSTRIAL INSURANCE
IN THE UNITED STATES

INDUSTRIAL INSURANCE IN THE UNITED STATES

BY
CHARLES RICHMOND HENDERSON



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PREFACE

The present volume is substantially an English version of *Die Arbeiter-Versicherung in den Vereinigten Staaten von Nord-America*.¹ Considerable new material has been added; but the movement is now so rapid that before proofs can be read new and important events may occur. In preparing this volume the statistics used have been compared, as far as possible, with the primary sources. It is difficult to avoid errors, and the author will be grateful for corrections.

The summary of European laws is added in order to indicate the various tendencies of thought and activity in this field. Imitation of foreign measures is impossible, but each scheme may suggest a new starting-point for American legislation. In the Appendix will be found the regulations of several important schemes of insurance which have been drawn up by actuaries, with the best legal and business advice. Some of these plans have already endured severe tests in practice.

¹ Published by A. Troschel, Berlin, 1907, as Heft XVII of Dr. Zacher's *Die Arbeiter-Versicherung im Auslande*. The publisher and editor of that series graciously gave permission to publish an English edition.

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SUMMARY OF EUROPEAN LAWS ON INDUSTRIAL INSURANCE¹

The book of Willoughby on Workingmen's Insurance represented the situation in Europe and America up to 1898. Since then great progress has been made, and it is desirable to give a brief sketch of the essential facts in relation to existing systems.²

GERMANY

In Germany there are two forms of sickness insurance of workingmen, compulsory and optional. According to the imperial law of 1883, with its subsequent amendments up to 1903, all workmen and employees with an annual income up to 2000 marks (\$480), engaged in manufactures or trade, must be insured. By special regulations this requirement may be extended to agriculture and household industries. Many employees in excepted classes are permitted to insure themselves who are not required to do so. In the year 1906 the German Empire had sixty-one and two-tenths million inhabitants, of whom fifteen and four-tenths million were wage earners. For these there were 22,940 funds or insurance associations, with twelve and four-tenths million members; \$72,240,000 premiums paid, or \$5.76 per person insured; \$63,840,000 were paid out, or \$13.20 per sick person and \$.67 per day of sickness. The form of insurance is the local insurance association based on the principles of mutual help and self-government, under the general law.

¹ This summary, prepared for *Charities and the Commons*, is reproduced here by permission of the editors with some additions.

² I have used chiefly Zacher, *Leitfaden zur Arbeiterversicherung*, 1908, and the report of the International Workingmen's Insurance Congress of Vienna, 1905, and of Rome, 1908.

In these local associations the workmen pay two-thirds of the premiums and the employers one-third of the premiums, which are based on the rate of wages. There are also free associations for insurance in which the employers have no share.

The benefits received under the law are: (a) Free treatment and sickness money (50 per cent. of the average wages); or, free treatment in a hospital and one-half the sickness money paid to dependent relatives for twenty-six weeks; (b) lying-in women receive at the same rate during six weeks; (c) death benefit of twenty times the wage of one day. The indemnities seem small when given in American money; their actual value in Europe is much higher than the amounts appear to offer. By special enactments this minimum scale of benefits may be raised. In case of dispute the matter is settled by a supervisory board without costs for litigation.

Accident insurance was introduced in Germany by the law of 1884-87, revised in 1900. Insurance is compulsory for all workmen and foremen with annual earnings under 3,000 marks (\$720), in manufactures and agriculture. By special enactment it may be extended to foremen and petty employers with more than 3,000 marks (\$720). Employers and other persons not required to insure are permitted to insure themselves under the same scheme. If an accident has been wilfully caused by the employer he can be sued criminally under the old liability law of 1871 and obliged to pay the indemnity fixed by that law, less the amount paid by his insurance association. Such suits are rare, as the process is long and doubtful and the ordinary insurance is adequate and easily collected without suit. Employers are permitted to insure themselves in their own associations against this liability. The insurance is effected by means of insurance associations of employers (of which there were, in

1906, 114 having 5,400,000 establishments and 19,200,000 workmen) in the same or similar trades, organized on the principles of mutuality and self-government. There are special organizations for those engaged in the state service, railroads, telephones, etc. The premiums are paid by assessments on the employers levied according to the total wages paid and the scale of risk in the trade and establishment. This arrangement makes it to the interest of individual employers to guard against accidental injuries. They hardly need factory inspectors to keep them to this duty. The benefits offered under this law are: (a) The benefit begins after the sickness insurance stops, but in any case not later than the fourteenth week of incapacity; free treatment and accident benefit up to 66½ per cent. of the average annual earnings, or free hospital treatment together with pension to dependent relatives, up to 60 per cent. of earnings; (b) death benefit of twenty times the daily wages and pension to dependent relatives up to 60 per cent. of daily wages. Benefits are paid in case of any sort of accident without litigation over questions of "negligence" of employee, unless the injured person has purposely brought the injury on himself. In case of controversy the dispute is settled without expense to the parties by an arbitration court and by the imperial insurance authorities, the workmen and employers being equally represented. Premiums paid in 1906 were \$40,080,000; average, \$2.18 per insured. Expenditures, \$34,368,000 to 854,680 injured, and to 73,999 widows, 103,564 children, 3,882 parents of those killed.

Invalid and old-age pensions were introduced in Germany by the law of 1889, improved in 1899. All wage earners with annual earnings less than \$480 are required to be insured, and the imperial council can extend this insurance to petty employers and persons in household industry. Provision is also made for optional insurance of workmen and

petty employers not included in the compulsory clause. The invalid pension insurance is effected through organizations covering different territories and these also are mutual in character and self-governing under the general law. Special funds are erected for miners and state railway employees. The premiums are paid by employers and employees, one-half each, and the empire adds \$12 annually to each pension paid. The benefits paid are: (a) Invalid pensions for persons incapacitated for labor, after they have paid premiums for 200 weeks; (b) old-age pensions for members over seventy years of age, after paying premiums 1,200 weeks; (c) free treatment in addition to aid to dependent relatives, in order to prevent incapacity for work; (d) repayment of premiums in case of death, accident, or marriage, if the pension has not yet fallen due. In case of controversy the dispute is settled, without cost to the parties, before an arbitration court and the imperial insurance bureau, both workmen and employers having their representatives. The statistics of 1906 showed that there were forty invalid pension organizations, with fourteen and one-tenth million insured members. The premiums paid were \$40,800,000—\$2.88 per member—and \$39,840,000 were paid in pensions,—the average invalid pension being \$39.12 and the old-age pension \$38.64, varying in amount with the wage class. Out of fifteen million, four hundred thousand workmen, fourteen and one-tenth millions were insured.

Already Germany is working out laws and plans for securing income to widows and orphans and for the unemployed. Unquestionably Germany leads the world in industrial insurance, and has prospered while she built up the system, probably largely in consequence of it.

Before 1881 Germany depended upon employers' liability laws, voluntary benefit societies, and private casualty companies for the protection of her workingmen against beggary

in times of disability. When the workingmen become conscious of their wrongs and united in a desperate effort to overthrow a government which seemed indifferent to their sufferings and hostile to their aspirations, they were held for a time in subjection by the iron hand of Bismarck, under the anti-socialistic laws which sought to suppress discussion. It became evident that this would eventually provoke open rebellion and revolution. The most objectionable laws were repealed and in their stead a national policy, based on the duty of a people to care for all its citizens, was announced. On November 17, 1881, Emperor William I, by the hand of Prince Bismarck, sent to the Reichstag his famous message:

We regard it as our imperial duty once more to lay upon the heart of the Reichstag the promotion of the welfare of the workmen, and we would look back with all the more satisfaction on all the successes with which God has visibly blessed our reign, if we might carry with us the consciousness that we could leave behind us new and permanent assurance of inward peace and to those who need help greater security and comfort to which they have a claim. In our efforts directed to that end we are sure of the co-operation of all the federate states and we look for the support of the Reichstag without regard to parties. First of all to this end a sketch of a law relating to the insurance of workmen against loss by accidents in industry has been prepared. By its side and supplementing it will be offered a method of organizing sickness insurance funds. But also those who by reason of age or disability have become unable to earn a living have a well founded claim upon the community for a larger measure of state care than has hitherto been given them. To find the right way and means for this care is a difficult task, but also one of the highest duties of every state which rests upon the Christian life of the people. The close union of the real forces of this people's life with incorporated societies under state protection and state help, will, as we hope, make possible the solution of problems for which the power of the government alone would not in the same degree be adequate.

On February 19, 1907, Emperor William II, in his throne speech before the newly elected Reichstag confirmed the policy of his grandfather, saying:

That legislation rests upon the principle of social duty to the working classes and is therefore independent of parties. The federated states are firmly decided to carry out this social work in the exalted spirit of Emperor William the Great.

With these decisions all parties in Germany are now agreed after a trial of nearly a generation; and this unity of purpose has been attained, in spite of early misgivings and antagonisms, because of the manifest advantages of the system. Some of these advantages and benefits we may briefly summarize.

It is sometimes asserted—in advance of proof—that accident, sickness, and old-age insurance is a burden upon the capital, industry, and commerce of a nation. As Germany is the country which annually does more than other nations in this direction it seems not unfair to mention the fact that the years of trial of her system of insurance have been precisely the years in which that nation has forged to the front rank in the world of manufactures and commerce. The nation has grown rich and the workingmen have improved their condition so that they are not anxious to emigrate as formerly. On all these points we have several recent publications which reveal the situation with a wealth of statistical evidence.³

Wages have risen more rapidly than in any other country; the insurance premiums, so far as paid by the employers, are a clear addition to wages; in times of sickness, disability from accident or old age, the workman has a legal right to honorable maintenance, and so the degradation of charity is avoided; the cost of accident insurance premiums makes it to the direct and manifest interest of employers to use all possible protective devices to prevent injuries and diseases; the administration of the sickness and invalid funds takes

³ W. J. Ashley, *Progress of the German Working Classes*; W. H. Dawson, *The German Workman* (1906).

care to provide means of speedy and effective cure of invalids; the committees of administration bring employers and workmen together under conditions favorable to social conciliation; and in every direction the system seems to have promoted civilization and the common welfare. The defects in details are carefully studied by the leading men of the empire and will gradually be corrected; the methods will be unified and simplified; and in the near future the benefits will include larger pensions to widows and orphans and some kind of protection to the temporarily unemployed.

It is sometimes asserted that the German system of workingmen's insurance is nothing better than a disguised form of poor relief, a kind of gift from above paid by the government at the expense of taxpayers to prevent rebellion of the "lower classes." The classic message of the emperor gives a more just interpretation of the purpose of the "social policy" of the nation. The demand is made on the basis of the duty of the people and the common welfare, because health, security and freedom from dependence are not a mere class interest but belong of right to all. Those who risk the greatest danger to life and limb should not be left to carry the entire cost of that hazard.

Insurance is not poor relief but common justice, a method of fairly distributing the extraordinary costs of civilization. Since such insurance never has been made general and never can be made general by any voluntary scheme, the government, the agent of the common intelligence, conscience and will, intervenes far enough to enforce obligation, to regulate the method and to insure the rights of all concerned. Thus in the United States the government, under the right of eminent domain, takes landed property for a consideration and gives it to railroads for right of way or as subsidy; and in turn prescribes the terms on which a railway corporation can enjoy these special

privileges. Thus also the federal government grants privileges to certain banks and controls the method of their administration. In Germany the government seeks in its insurance laws to encourage and stimulate the interest of both the employers and employees in the system. The entire system is based on the principles of mutual benefit, self-government and local initiative. Both employers and employees have a right to participate in the administration and judicial application of the law, as both share equitably in the cost. It is not state insurance, but insurance on the basis of mutuality and self-government, under the regulation of law. It is precisely in this administration that the workingmen feel themselves to be free agents and intelligent participants in the affairs of their country. There is no taint of charity from first to last; each man pays his share of the cost, has a voice in the control and can set up a legal claim when he needs his benefits. All this removes the insurance system by the diameter of the moral world from poor relief and private charity.

The German system does not make other forms of protection superfluous, since it simply provides for the necessities of existence; it does not remove the motive for forming trade unions and fraternal societies, nor for investing in extra insurance in life insurance companies, nor for savings. All these organizations of thrift flourish in Germany.

That an obligatory or compulsory law is necessary to bring the benefits of insurance within the reach of those who most need them is evident in the fact that Germany, before 1883, had developed its voluntary associations for sick benefits in a very remarkable way, and yet scarcely half those who were in need had any share in the system. Since the law of 1883 all wage earners are protected. So also in case of accidents. The German law, before 1871, was quite

as strong as ours, yet scarcely one-tenth of all injured workmen were protected.

The exposition at St. Louis, in 1904, brought together under one roof the exhibits of social economy of the great nations. No one could fail to observe the pronounced superiority of Germany in this section. There were indeed exhibits made by American employers which reflected credit upon them for their individual interest in their men; but all these were instances of exceptional goodness or of enlightened self-interest. The mines showed some of the best machinery for getting out coal and ore, but only inferior devices for protecting the life and health of the men. The display of the United States was marked rather by confusion and anarchy than by unity, order, and law. Every man was a law unto himself; there was no organic system, no universal principle of action, no statistics which revealed equity to all.⁴ American workmen do indeed have somewhat higher money wages than German workmen; but their expenses are higher, their labor is more intense, and when accident, sickness, or old age overtakes them they have no security of support save charity or public relief.

The German insurance system has already developed out of its curative measures a whole system of prevention of accidents, diseases and premature invalidism. The powerful and closely knit organization, with its immense funds on hand, invests money to reduce the cost of insurance and restore the workingmen as speedily as possible to the ranks of producers. Since the first factor in production is the healthy and vigorous laborer this expenditure is a wise investment and brings to the nation a high rate of interest. The whole educational influence of the insurance system is

⁴ See *Amtl. Bericht des deutschen Reichskomissars für die Welt-Ausstellung* in St. Louis, 1904, Berlin, 1906, pp. 516-518; cited also by Dr. Zacher, in Vorwort zum Band IV, *Die Arbeiterversicherung im Auslande*, p. 35.

directed to diminish the frequency of accidents and sickness, to combat preventable diseases like tuberculosis, alcoholism, and venereal disorders, and to improve the conditions of the habitations of the wage earners and their families. All this grows naturally and inevitably out of compulsory insurance and cannot in anything like the same degree arise under a voluntary system dependent on individual caprice, and without legal foundation.

The better word for "compulsory" insurance is "legal" or "obligatory," or "legally obligatory," for the word "compulsion" is misleading. No insurance law can be enacted by the legislation of a free people and successfully enforced against the selfishness of exceptional individuals until it has first been accepted by the reason, the conscience and the choice of that people, whether of a commonwealth or a nation. When a law is thus the expression of a deliberate social policy, accepted after investigation and discussion, it is an act of social co-operation on the part of the entire community. It becomes legally obligatory on all in order that the small minority of egoists may not defeat the will of the people, in order that all competitors may be placed on a common level, in order that duties and benefits may be accurately defined, in order that costs of performance of duties may be calculated in advance and adequately provided for in budgets of individuals, corporations, and political organizations.

Our system of "free" schools is felt to be "compulsory" only when a taxpayer is exceptionally stupid or selfish. Our taxation for roads, bridges, lighting of streets, water works, police, public sanitation is not felt as compulsion by the ordinary normal citizen who knows that for every dollar he contributes according to law and in the ratio of his ability the community of which he forms a part will enjoy a corresponding advantage.

TABLE OF GERMAN INSURANCE

Sickness Insurance (since 1885):

	<i>Marks</i>
Sickness payments.....	1,114,629,489 = \$267,500,077.36
Physicians.....	514,803,920 = 123,552,940.80
Medicines, etc.....	402,757,651 = 96,661,836.24
Hospitals.....	303,061,148 = 72,734,675.52
Death benefits.....	83,763,839 = 20,103,321.36
Lying-in-women.....	36,543,672 = 8,770,481.28
Various benefits.....	38,414,074 = 9,219,377.76
 1888-1904.....	 2,493,973,793 = \$598,553,710.32
1905.....	250,000,000 = 60,000,000.00
In round numbers (1905).....	2,744,000,000 = \$658,560,000.00
" " " (1907).....	3,298,000,000 = 790,520,000.00

Accident Insurance (since 1885):

	<i>Marks</i>
Accident benefits.....	759,172,928 = \$182,201,502.72
Payments to dependents of deceased ..	191,777,559 = 46,026,614.16
Medical care.....	34,275,716 = 8,226,171.84
Hospitals.....	55,010,333 = 13,202,479.92
Death benefits.....	6,927,990 = 1,662,717.60
Widows.....	7,747,570 = 1,859,416.80
Foreigners.....	2,846,489 = 683,157.36
 1885-1904.....	 1,057,758,585 = \$253,862,060.40
1905.....	136,000,000 = 32,640,000.00
In round numbers.....	1,194,000,000 = \$286,560,000.00
" " " (1907).....	1,488,000,000 = 359,120,000.00

Invalid and old-age pensions (since 1891):

	<i>Marks</i>
Invalid pensions.....	560,486,961 = \$134,516,870.64
Old-age pensions.....	336,472,378 = 80,753,370.72
Medical care.....	55,371,747 = 13,389,219.28
Return of premiums (a) at marriage..	38,025,117 = 9,126,028.08
Return of premiums (b) at death.....	13,422,508 = 3,221,401.92
Return of premiums (c) at accident...	171,201 = 41,088.24
 1891-1904.....	 1,003,949,912 = \$240,947,878.88
1905.....	162,000,000 = 38,880,000.00
In round numbers.....	1,166,000,000 = \$279,840,000.00
" " " (1907).....	1,500,000,000 = 360,000,000.00

If the German people really felt that their insurance laws were "compulsory" in the sense of being oppressive, injurious or excessively costly, those laws would at once be abrogated; for the German people are among the most free, politically, on earth, and have an imperial legislature whose members are elected by universal manhood suffrage. It is only our national vanity which makes us think of Germans as being under an absolutist and oppressive government.

At the end of 1907 in all about eighty-one million persons (sick, injured, invalids and their dependents) had received six and three-tenths billion marks (\$1,512,000,000) in benefits. The workmen have contributed less than half the premiums and have received two billion marks (\$480,000,000) more than they have paid out. Property is owned to the amount of 2,000,000,000 marks (\$480,000,000), of which almost 624,000,000 marks (\$149,760,000) have been invested in workmen's dwellings, hospitals and convalescent houses, sanatoriums, baths, and similar institutions of welfare.⁵

AUSTRIA

The Austrian system resembles the German but differs in important particulars and is not so fully developed.

Sickness insurance is compulsory for workmen and foremen in manufactures, and optional with employees in agriculture and household industries (law of 1888). Insurance is effected by means of local sick insurance associations on a basis of mutuality and self-government. The premiums are paid two-thirds by workmen and one-third by employers in percentage of wages. The benefits afforded are free treatment and sickness pension, or free hospital treatment and benefits to dependent relatives. The period of relief is twenty weeks, and the benefits are not to exceed 60 per

⁵ From Zacher, *Leitfaden zur Arbeiterversicherung des Deutschen Reiches*, 1908.

cent. of the locally customary wages. The death benefit is twenty times a day's wages. An arbitration court decides disputes without cost. Contrast this feature of the German and Austrian laws with the tedious, bitter and costly suits for damages in negligence cases in the United States!

The Austrian statistics for 1905 showed twenty-seven and three-tenths million inhabitants of whom ten million were wage earners. There were 2,934 insurance associations, with two and eight-tenths million members. The premiums were forty-eight million marks (\$11,520,000), average of 16.2 marks (\$4.05), and the expenditures forty-three and seven-tenths million marks (\$10,488,000) or 37.5 marks (\$9.00) per insured person and 1.70 marks (\$.40) per day of sickness.

Accident insurance is compulsory (laws of 1887, 1894) for workmen and foremen in manufactures with annual earnings less than 2,000 marks (\$480), and this includes agricultural workmen when inanimate power is applied to farm machinery. Employers and workmen not obliged to insure, are permitted to insure themselves in the same funds, if the income does not exceed 2,000 marks (\$480) wages per year. The Austrian system includes all the industries of a given territory in an insurance fund; in this it differs from the German system, under which the associations are composed of employers of the same industry, without regard to their territory; the Austrian railway funds, however, are naturally organized by trades. In another respect the Austrian system differs from the German; for the premiums are paid into a fund (*Kapitaldeckung*), whereas the German law provides for assessments. In Austria the employers pay 90 per cent. and the employees 10 per cent. of the cost, while in Germany the employers pay all. The rates vary with wages and degree of trade risk. The benefits are pension (up to 60 per cent. of wages) after the

fifth week; pension to the dependent relatives of a dead workman, up to 50 per cent. of wages, and death benefit up to 42 marks (\$10.08). All accidents are indemnified, as in Germany, without need to prove negligence. Arbitration courts settle disputed cases without cost. In 1905 there were seven territorial accident insurance funds, with 408,622 establishments insuring two and eight-tenths million workmen. The premiums paid were twenty-eight and eight-tenths million marks (\$6,912,000), (10.3 marks, \$2.47 per insured), and nineteen and two-tenths million marks (\$4,608,000) were paid out to 62,968 injured employees (having 7,475 widows, 10,247 children, 806 parents). Austria has no general old-age pension law as yet, but the movement to establish one, carried on since 1891, promises speedy relief. In 1889 a law made old-age pensions for miners obligatory, and this includes about 150,000 men. The employers pay half of the premiums and the employees half. The invalid pension is on the average 200 marks (\$48) for full benefit and 146 marks for others; widows and orphans may claim a pension up to three-quarters the rate first named. Arbitration courts settle disputes.

HUNGARY

This interesting country whose intelligent people know much of the United States and are ambitious to be in the front rank of enlightened peoples, is working out a system of industrial insurance of its own. By the law of 1907 sickness insurance was made compulsory for all employees in manufactures, whose earnings do not exceed 2,000 marks (\$480) annually; and was left optional with employees in agriculture, household industry and others not included in the compulsory clauses. The organization is by local sick clubs, as in Germany and Austria, and the premiums, based on rate of wages are paid one-half by employees and one-

half by employers. The benefits are free treatment and sick benefits (50 per cent. of wages and not over 60 per cent. of daily wages) during twenty weeks. Disputes over claims are determined by arbitration courts and by the insurance bureau. According to the statistics of 1906, Hungary had twenty and five-tenths million inhabitants, of whom three and two-tenths million were wage earners. There were 440 funds, with 800,000 members. The premiums paid amounted to eleven million marks (\$2,640,000), (12.8 marks, \$3.07 per insured), and the expenditures nine and one-half million marks (\$2,280,000), (37 marks, \$8.88, per sick person and 2.20 marks, \$.53 per day of illness). In 1907 a compulsory accident insurance law was passed similar to the German law; but giving only 60 per cent. of wages, after 11 weeks of disability, and no indemnity for less than 10 per cent. loss of wages. The Hungarian miners enjoy a compulsory invalid and old-age pension law (since 1854), with about ninety-five thousand members. In 1902 the invalid pension was 250 marks (\$60), the widow's pension 105 marks (\$25.20), and the orphan pension 29 marks (\$6.96), per year. Agricultural employees have a voluntary pension system.

ITALY

Sickness insurance was brought under the law of 1886, and is a voluntary system for wage earners in all occupations. The insurance associations are registered and free, mutual aid societies with and without legal privileges. The state contributes subsidies under certain conditions, usually sickness and death benefits, and not medical or hospital treatment. Out of thirty-three million inhabitants (1905), ten million were wage earners; and of these one million members were organized in 6,535 societies; seven and one-half million marks (\$1,800,000) were paid in premiums (7.5 marks, \$1.80 per member), and four million marks

(\$960,000), (4 marks, \$.96 per member), were paid out in benefits.

The law of 1898 and 1904 makes accident insurance compulsory for workmen and foremen with annual earnings up to 1,700 marks (\$408); employees in manufactures and in agriculture, where motor power is used, are included. The employers are permitted to guarantee the insurance of their workmen in either of three ways—in a state fund, in a mutual insurance association of employers, or in commercial insurance companies. The employers pay all premiums. Benefits paid are: (a) To employees incapacitated for labor by injuries, indemnities up to 50 per cent. of the wage rates; (b) for invalidated employees, a lump payment up to six times the wages of a year, or a pension; (c) for dependent relatives, five times a year's wages in a lump payment; (d) aid in emergency. All accidents require indemnity, no matter what the cause, as in Germany. Industrial courts decide most cases (under 160 marks, \$38.40), and ordinary courts, at reduced fees, determine the cases involving larger sums.

Voluntary invalid and old-age pensions are regulated by laws (of 1898, 1901, 1907), in a system open to all wage earners and governed by the state. Premiums of 5 (\$1.20) to 80 marks (\$19.20) annually are paid by the insured and the state adds by way of subsidy 10 marks (\$2.40) or more per head to the pension. The benefits paid are: For persons incapacitated for labor, after contributing five years; old-age pensions to all over sixty years who have paid premiums twenty-five years at rate of \$24 per year at least; and in case of death before pension begins all premiums are to be repaid.

FRANCE

Sickness insurance (laws of 1850, 1898) includes workmen of all occupations. There are, as in Italy, two forms

of benefit associations, free and registered, the former not enjoying certain legal advantages granted the latter. The state aids the associations by adding subsidies to their sick and death benefits. The sickness insurance of miners with less than \$480 annual earnings was made compulsory by law in 1894; and these have 199 funds and two hundred and five thousand members, the state granting subsidies. According to statistics of 1904 France had thirty-nine million inhabitants, of whom nine and five-tenths million were wage earners, among whom there were 17,182 benefit associations with a membership of three million, five hundred thousand. The premiums paid were \$6,480,000 (\$1.76 per insured); and \$4,480,000 were paid out, \$9.60 per person incapacitated from sickness, and \$.48 per day lost.

Willoughby, in *Workingmen's Insurance*, gives the history of French industrial insurance up to 1898, but very important progress has been made since that time.

Up to the time of the international workingmen's insurance congress at Vienna in 1905, the most important law was that of April 9, 1898, as modified by the laws of July 30, 1899, March 22, 1902, March 31, 1905. It has since been further amended by the acts of July 12, 1906, and July, 1907. These laws are interpreted by various administrative decrees and court decisions.

The law includes in its scope and protection workmen engaged in building, factories, workyards, transportation, loading and unloading goods, warehouses, mines, quarries, manufactures of explosives, and agricultural industries where steam, wind, or electric power is used. By the law of 1906 employees in commercial establishments were added. The employer pays the indemnity, if the disability lasts four days or more. The older liability law is abrogated, for the workman has no other legal protection aside from this law.

Wages above \$480 a year are rated at only one-quarter of the rates named below.

The rates of indemnity in case of absolute and permanent disablement is two-thirds of the wage rate; for partial and permanent disablement, one-half the amount of reduction of wages due to the accident as cause; for temporary disablement, a daily payment of one-half the wages. In case of death the widow receives 20 per cent. of wage rate until she marries again, when she receives a lump sum equal to the wages of three years and then she loses further claim. The fatherless children receive pensions, not to exceed 60 per cent. of wages, until they are grown. The indemnities are payable quarterly and cannot be seized for debt. The employer pays for medical care and \$20 toward funeral expenses.

Thus far the law merely limits and defines the liability of the individual employer, as in the English compensation act. Insurance is not directly compulsory, as in Germany, but it is encouraged and practically made universal, by the following provisions: Employers are released from other liabilities on condition that they pay at least one-third the insurance premiums in an insurance organization which is approved by the government and which guarantees injured members medical relief and an indemnity of at least half wages.

To guarantee the payment, punctual and certain, of indemnities the law regulates insurance by collective policies in casualty companies or by associations of employers. If the employer refuses to insure he must contribute to a state fund, so that in case of his insolvency the workman will be paid what he has a legal right to expect.

This law is instructive for us because France is a republic, "a free country," where state compulsion is disliked by many people, as in the United States.

This law secures protection to workmen but leaves employers free to choose their own way of meeting their obligations. It does not give the casualty company the power to charge monopoly prices. It prevents employers from being ruined by obligation to pay large indemnities which are too heavy for their means.

The employers' associations have been able to keep the costs of administration at about 5 per cent. of the total expenditures; a remarkably low rate when we consider that the expenses in some companies under our American laws reach 60 per cent., leaving only 40 per cent. available for actual insurance of workmen. The state fund is little used, while the employers' mutual associations and the casualty companies have rapidly increased their business. Competition between these agencies secures approximately just rates. The casualty companies seem to be the most energetic, enterprising, and inventive in the development of the system and the extension of its benefits.

When the accident results from the wilful act of employee no benefit is paid and in case of gross fault a limited indemnity. Where disputes occur over minor cases, a justice of the peace settles the affair, in other matters the ordinary courts are involved, but with simple and inexpensive procedure. By laws of 1898, 1905 seamen are under a compulsory insurance system administered by the state. Both employers and employees contribute to the premiums. Accident pensions are paid to the disabled and to the dependent of deceased relatives; with a daily benefit for the disabled. A commission decides all disputes.

The invalid and old-age pension system is being improved, and an important measure awaits financial adjustment. A voluntary plan, open to all citizens (laws of 1850, 1886), is administered by the state. In 1904, 278,000 persons were paid old-age pensions (average of \$25.68 each).

Premiums are paid by the insured (from \$19.20 to \$96 annually). The state pays a subsidy up to one-third the pension. The pensions are: (a) old-age pension after the fiftieth year of age; (b) invalid pension for those who are disabled before that, up to \$240 per year; (c) repayment of premiums at death before pension begins. Seamen (law of 1881) are included in a compulsory system, administered by the state. The insured pay premiums and the state adds a subsidy; a pension is paid after the fiftieth year; widows and orphans receive one-half pension.

Miners (law of 1894) with less than \$480 annual income have a pension fund to which workmen and employers pay one-half each. Pension begins at fifty-fifth year. A commission decides controverted cases.

BELGIUM

Belgium has 7,300,000 inhabitants of whom 2,100,000 are counted wage earners. Sickness insurance⁶ is organized in mutual benefit associations of two kinds, as in Italy and France, free and registered, the latter having legal privileges corresponding to specified obligations and restrictions. The state grants subsidies. Sickness and death benefits are paid but not ordinarily medical and hospital care. There are (in 1907) 3,330 associations with a membership of 400,000. \$864,000 were paid in, or \$2.16 per member on the average; and, \$816,000 expended, \$8.04 per sick person, or an average of \$.38 per day of incapacity.

Belgium has both voluntary and compulsory accident insurance, with a tendency to make all compulsory, as it is already for miners. According to the laws of 1903, workmen and foremen with income of less than \$480, in manufactures, trade and agriculture are insured, as in Italy, according to the choice of the employer, either in a state fund,

⁶*Sickness Insurance Laws of 1851, 1894; Statistics of 1904.*

mutual companies or in casualty companies. The premiums are paid by the employer. The benefits are: (a) In case of incapacity from accident, daily payment up to 50 per cent. of wages; (b) for permanent disability, pension up to 50 per cent. of annual wages; (c) dependent relatives up to 30 per cent. of wages; (d) fee of physician and expenses of burial. All accidents from whatever cause bring indemnity. Disputes are settled by justices of the peace or by a commission having summary judicial powers.

There are about 137,000 miners under a compulsory insurance law (of 1868). The insurance is effected through benefit associations to which the employers and workmen contribute and to which the state and the province give subsidies. The benefits vary according to the by-laws. Disputes are settled by a commission.

The voluntary pension system is available for all citizens. The system is based on laws of 1850, 1865, 1900 and 1903. The fund is a state fund which in 1906 paid 8,277 pensions, on an average of \$39.60 each. Premiums paid by the insured are from \$19.20 to \$96 annually, and a state subsidy of one-third the pension is added.

The pensions begin at the fifty-fifth to the sixty-fifth year, the amount varying with the age of first payment,—up to \$240 yearly. An invalid pension is paid for those who become incapacitated before the pension year arrives; and premiums paid at death before the pension begins are repaid to the family.

A compulsory pension system is organized for miners (law of 1868), under the form of benefit associations to which employers, workmen, state and province contribute. Pensions are paid to the disabled after a service of thirty to thirty-five years; and widows and orphans of members are granted pensions. A commission decides disputes at minimum expense.

NORWAY

The system of sickness insurance is voluntary, workmen of various occupations having free or registered mutual benefit associations. Of 2,300,000 inhabitants, 400,000 are wage earners. In 1885 there were 230 funds with 45,000 members in 1907, 400 funds with 60,000 members. The premiums and benefits are regulated by by-laws; premiums are paid by members. The average premiums were \$1.86 and the benefits \$1.80 per member and \$.30 per sick day.

Accident insurance was made compulsory by law (1894, 1906) for workmen and foremen in industries, with annual earnings up to \$324. The insurance is regulated by a state department. Premiums are paid by employers according to rates of wages and degree of hazard. The benefits are: (a) Free medical treatment and disability payments up to 60 per cent. of the wages, or free hospital care together with payments to dependents up to 50 per cent. of wages from the fifth week of disability; (b) death benefit of \$7.20 and payments up to 50 per cent. of wages to dependents of deceased. There is no indemnity when the accident results from wilful act of workmen or when loss is under 5 per cent. of wages. Dispute claims are settled by a commission called for the purpose and without costs.

Norway has no old-age pension system; but there have been efforts in this direction since 1890.

SWEDEN

Sickness insurance is effected by means of free or registered mutual benefit associations, regulated by a law of 1891. Of 5,400,000 inhabitants, 1,000,000 are wage earners. In 1903 there were 1,887 registered associations with 360,173 members. The premium (paid by members) was \$1.62 to \$2.31, and the benefits \$1.86 or \$.32 per day of sickness. The state subsidizes the associations.

Accident insurance is not compulsory, but is regulated by a law of 1901, and is extended to workmen and foremen in manufactures. The employer has the right to insure either in a state fund, or in an employer's association, or in a casualty company; and the employer pays the premiums. The benefits are (*a*) Disability payments of \$.26 per day from the sixty-first day; (*b*) permanent disability, a pension of \$80 annually; (*c*) death benefits of \$16 and payments to dependents of deceased up to \$80. If the accident is a result of wilfulness or gross fault, or loss of wages is less than 10 per cent., there is no indemnity. Disputes are settled before an ordinary court.

There is no old-age pension system, but efforts have been put forth since 1891 to organize such a system.

DENMARK

Sickness insurance is voluntary and regulated by a law of 1892. Persons of small means in all callings are insured in free or registered associations. Of 2,600,000 inhabitants, 400,000 were wage earners. In 1907 there were 1,452 registered associations with 553,000 members. The average premiums (paid by members) were \$1.92, and the benefits \$2.54 per member and \$.55 per day of sickness. The state pays a subsidy. Disputes are settled without cost by an inspector of sickness insurance associations.

Accident insurance is voluntary for workmen and foremen in manufactures and agriculture (where motors are used), where the annual earnings are under \$648 (law of 1898, 1903); and compulsory for seamen and officers of ships (law of 1905). The employers in industries and agriculture may insure in associations of their own organization or in casualty companies; there is no state fund for these. For the fisher folk a state fund is established.

Premiums are paid by the employers. In case of the

fishermen the premium is \$1.34 per insured person, and the state pays a subsidy. The benefits in voluntary insurance are: (a) Disability, daily payment up to 60 per cent. of wages from the fourteenth week; (b) permanent disability, a lump sum up to six times the annual wage; to the dependents of a deceased workman, a lump sum of four times a year's wages and \$12 death benefit. Seamen and officers of ships are under the compulsory law of 1905, employers pay premiums and have choice between their own associations, a state fund, and the casualty companies. No indemnity is paid in case of gross fault of the injured man. A workmen's insurance council determines controverted questions.

There is no invalid and old-age pension, but the poor law (1891, 1902) is extended so as to secure a pension for all indigent persons over sixty years of age. The expense is divided equally between state and commune. The pension varies with need, averaging \$28. The last annual payment (1905) was \$2,040,000, \$30.56 per head.

FINLAND

Sickness insurance is regulated by orders of council of 1897, but is voluntary; premiums and benefits being fixed by by-laws. Of 3,000,000 inhabitants, 500,000 were workmen. In 1905 there were 177 associations with 40,637 members; the average premium (paid by members) being \$2; the benefits \$1.68 per member, or \$.36 per day of sickness. The state adds a subsidy.

Finland has a compulsory accident insurance law for workmen in manufactures (with less than 600 marks=c. \$150 annual wages, law of 1895), and for seamen since 1903. In 1906 there were 80,900 insured workmen and 3,100 insured seamen. The premiums are paid by employers either into a state fund, a mutual association or a casualty

company. The benefits paid are: (a) disability, daily payment up to 60 per cent. of wages, or free hospital care, together with payments to dependents up to 40 per cent. of wages, from the seventh day of disability; (b) permanently disabled, pension up to 60 per cent. of annual wages; (c) dependents of deceased, pension up to 40 per cent. of earnings. In case of wilfulness or gross fault of the injured workman there is no indemnity. Controversies are decided by an ordinary court.

Old-age and invalid pensions are provided only by voluntary organizations regulated by orders in council of 1897. There were, in 1905, 43 funds, with 12,126 members. The ordinary courts are used in cases of doubt.

SPAIN

Sickness insurance. A law of 1887 regulates and encourages voluntary insurance societies. Of twenty million inhabitants, seven million were wage earners (in 1905). In 1907, there were 150,000 members of 800 societies.

Accident insurance is not yet compulsory, but a law of 1900 fosters voluntary schemes of employers in industries and agriculture (where there is motor power). The employers pay all the premiums in associations of their own or in casualty companies. The benefits are: (a) disability, 50 per cent. of wages; (b) invalids, lump payment up to twice annual wages; (c) lump payment of twice a year's wages to dependents of deceased; (d) physician's fees and funeral expenses. The procedure before the ordinary courts is simplified. There is no indemnity in case of wilfulness or catastrophe. In 1906 there were seven mutual and ten stock companies which paid out \$288,000 for 32,188 accidents.

Old-age and invalid pensions are on a voluntary basis for workmen, employees and petty employers (up to \$576

income) in all occupations. Insurance is effected in a state fund supplied by premiums of the insured, with subsidies of state, province, commune, savings banks, etc. The highest pensions paid are \$288 yearly, with repayment of premiums if death occurs before pension begins. Settlement in ordinary courts, for workmen free of costs.

HOLLAND

With 5,700,000 inhabitants Holland has 1,000,000 wage earners. Sickness insurance is voluntary and organized in free associations. In 1890 there were 650 associations with 600,000 members. Premiums are on the average \$1.44 per member; benefits are: medical attendance, medicine and sickness payments.

Accident insurance is compulsory (law of 1901). Workmen and foremen in manufactures (up to \$1.68 daily wages) are insured in a state fund, mutual associations or casualty companies. In 1906 there were 82,129 insured establishments. Premiums are paid by employers according to wages and risk. The receipts of 1906 were \$1,176,000. The benefits are (a) Disability, free treatment, and daily payments up to 70 per cent. of wages; (b) permanent disability, pensions up to 70 per cent. of wages from seventh week; (c) to dependents of deceased, pensions up to 60 per cent. of wages and a death benefit of thirty times the daily wage. In case of wilfulness no indemnity is paid and in case of drunkenness only half. In 1906 \$1,032,000 were paid to 60,022 injured and 268 killed. Settlements are made in case of doubt by councils.

Of old-age pensions, no general system exists.

LUXEMBURG

Sickness insurance is compulsory (law of 1901, 1908) for workmen and employees with earnings up to \$576, in industries and trade. Insurance is effected through local

associations and funds. In 1906 of 250,000 inhabitants 55,000 were wage earners. There were sixty-six funds with 36,915 members. The premiums are paid two-thirds by employees and one-third by employers, as in Germany; the average of \$7.68 per person—\$288,000 in all. Benefits paid (as in Germany): (a) Free medical attendance and sickness payments (50 per cent of average wages), or free hospital care and half-sickness payments to dependents for thirteen weeks; (b) same rates for lying-in women (six weeks); (c) death benefit of twenty times daily wages. In 1906 \$268,800 were paid; \$8.64 per sick person, or \$.73 per day of sickness. Controversies are settled by supervising board without costs.

The compulsory accident insurance is ordered by laws in 1902 and 1908. Workmen and foremen in industry (up to \$720 annual income) are insured. By regulations, foremen with \$720 to \$864 are brought under the law. Voluntary insurance is organized for petty employers and employees not included in the law. The insurance associations are organized by territory. Assessments are levied on employers according to the number of employees and the risk of the trade to cover the annual expenditures and the pensions. Benefits are: (a) Free medical treatment and payments up to $66\frac{2}{3}$ per cent. of annual wages—after the end of the sickness insurance, at latest after the fourteenth week; (b) death benefit (twenty times the daily wages) and payment up to 60 per cent. of wages. All accidents are indemnified (except in case of wilful act of the injured person). In 1907, 36,634 were insured in 2,209 establishments. In one year \$235,200 were paid in (\$640 per insured) and \$42,357 were paid out. Settlements are made without cost before committees of the directors, or arbitration courts, or (over \$288) before the superior court.

No old-age and invalid-pension system exists.

Domestic servants are provided with care in sickness, if this is in the contract; otherwise they have no protection. Sailors while on board are given medical relief according to a law of 1906.

GREAT BRITAIN

England has long resisted the continental tendency to make insurance compulsory, and it can hardly be counted among the nations which have a full legal insurance system. Recent legislation, however, indicates that Parliament is learning its lesson.

Sickness insurance (until the recent amendment to the Compensation Act, 1906-7) has been almost entirely a private matter. The laws of 1875 and 1896 sought to give some legal recognition and control to the voluntary agencies. Workmen of all occupations are permitted to organize under these laws, in free and registered societies. Premiums and benefits in the "friendly societies" are regulated by by-laws.⁷

According to statistics of 1904, there were in Great Britain forty-two and one-half million of inhabitants, of whom thirteen million were workingmen. There were 27,615 mutual benefit societies, with a membership of five and nine-tenths million, about half of them being wage workers. Official statistics are very incomplete. Partial indemnity for loss by occupational diseases is provided under the Compensation Law next to be mentioned.

Up to 1880 England gave legal protection to its injured workingmen only under the common law of employers' liability for damages in cases of negligence, as is still the law in the United States. In that year a much more stringent law was enacted under which the employer was made liable for accidents caused by defective works, plant, or machinery, or by the negligence of persons in authority under him. Even this act proved to be unsatisfactory. In

⁷ See Baernreither, *English Associations of Workingmen*.

1897 Parliament adopted the Compensation Law based on the entirely new principle that a business must make measured compensation to workmen injured in any way in the ordinary course of employment, unless there is gross fault on the part of the employee. To secure indemnity the workman is not required to prove negligence in the employer, but only the fact that he has been injured in the course of employment.

"If in any employment personal injury by accident arising out of and in the course of the employment is caused to a workman his employer shall be liable to pay compensation." The schedule of compensation is: in the event of death, three years' wages, not exceeding £300 (\$1,500), but not less than £150 (\$750), to dependents, or a proportionate sum to partial dependents; if no dependents, medical and funeral expenses not exceeding £10 (\$50); during disablement exceeding one week half the average weekly wage, including value of board and lodging, not exceeding £1 (\$5) a week is paid; in case of permanent disablement compensation is payable for the whole of the after life of the person injured. An injured workman under twenty-one years of age earning less than £1 (\$5) a week, including value of board and lodging, is entitled to compensation of full wages, not exceeding 10 s. (\$2.40).

Serious and wilful misconduct or negligence on the part of the workman deprives him (or her) of compensation only provided the accident does not result in death or permanent disablement. On the other hand, such misconduct or negligence on the part of the employer will result in his prosecution under the employers' liability act of 1880 and the common law and the Fatal Accidents Act of 1846, which open the way to much heavier damages in such cases than could be obtained under the compensation act. Indeed, these laws are always at the disposal of any injured person who

elects to take advantage of them, although one cannot prosecute both under these and under the compensation act. To try under the former does not debar the plaintiff, if he fails from trying under the latter, but from any award made to him will be deducted the costs incurred by the first action.

In 1900 the provisions of the act of 1897 were extended by amendment to agricultural laborers; and in 1906 very important additions were made, so that now several diseases which can be distinctly traced to the occupation are included. An "injury" may be due either to "accident" or to "disease of occupation."

Employers usually find it to their interest to cover their risk by paying friendly societies or casualty companies to carry it for them in consideration of premiums paid. Under the act of 1897-1900 the premiums were said not to be a very heavy burden on industry; a small addition to the wages fund was sufficient. While we have not as yet sufficient evidence for a conclusion, the time being brief since the new act went into operation (July, 1907), it seems probable that the rate of insurance is to be considerably higher. This is not so much due to the additional causes of injury named in the act as to the uncertainties of litigation caused by the interpretation of a cumbrous and awkward law, or rather of three laws, each based on a different principle—the ancient common law, the employers' liability statute of 1880, and the recent compensation acts. This uncertainty breeds litigation and must raise the rates of premiums. Many think that a simple and directly compulsory insurance law would be far more effective, satisfactory, and inexpensive. But awkward as this law may be, the nation will not retreat from it; it will improve it by degrees, English fashion, and compel it to work at last.

Old-age pensions.—Since 1885 the statesmen of Great

Britain have discussed old-age pensions, have collected and published statistics, have talked over schemes, and offered bills. For many years the state offered annuities to those who made deposits to pay for them—up to \$500. Between 1865-90 there were 21,000 pensions, on an average of \$87.50 each.

The Old-Age Pensions Bill, after many years of debate and the delays caused by the ruinous expenditures of the Boer War, passed the House of Commons by a vote of 417 votes for it and only 29 in opposition; it is a national and not a partisan act. The scheme is non-contributory.

The British Old-Age Pensions Bill (8, Edw. VII) introduced into the House of Commons in July, 1908, provides that the receipt of an old-age pension is conditioned upon the attainment of the seventieth year of age, and a residence of at least twenty years in the United Kingdom, and the means of the person must not exceed £31 10 s. One is disqualified who has been in receipt of any poor relief, except in case of medical assistance or relief of the dependent of the person in a lunatic asylum, infirmary, or hospital, or payment of expenses of burial of the dependent, or any relief which is expressly declared by law not to be a disqualification for registration as a parliamentary elector. One is also disqualified who has habitually failed to work, according to his ability, opportunity, and need, for the maintenance and benefit of himself and those legally dependent upon him; and persons who have been condemned to be imprisoned, without the option of a fine, or to suffer any greater punishment, or any person of sixty years or upward who has been convicted under the Inebriates Act of 1898. If any person has directly or indirectly deprived himself of any income or property, in order to qualify himself for the receipt of an old-age pension, or for a pension of a higher rate than he would otherwise receive, that income or the

value of the property shall, for purposes if this bill, be taken for a part of the means of that person. Pensions shall be paid weekly in advance. A pension is inalienable, and cannot be assigned by any agreement, nor taken in bankruptcy for the benefit of creditors. Claims are settled by a local pension committee, and by pension officers, with the right of anyone to appeal to the central pension authority. A local pension committee is appointed for every borough and urban district by the council of the borough, district, or county. The central pension authority is the Local Government Board, and pension officers are appointed by the treasury. Any person knowingly making a false statement, for the purpose of obtaining a pension, is liable, on summary conviction, to imprisonment for a term not exceeding six months at hard labor. In case of obtaining a pension by improper representation, one is liable to have to repay to the treasury the sums paid him. The treasury, in conjunction with the local government board, and with the postmaster-general, makes regulations for carrying the act into effect. The regulations must provide a way for the claimants to make their claims and to obtain information through the post-office. The pensions are paid out of monies provided by Parliament, and no contributions on the part of the pensioner are required. Where the yearly means of the pensioner do not exceed £21, the rate of pension will be 5 s. per week. The means exceeding £21 but not exceeding £23, 12 s., 6 d., the pension is 4 s. per week. The means being £23, 12 s., 6 d., but not over £26, 5 s., the pension is 3 s. per week. The means being over £26, 5 s., but not over £28, 17 s., 6 d., the pension will be 2 s. per week. The means being over £28, 17 s., 6 d., but not over £31, 10 s., the pension is 1 s. per week. Where the means exceed £31, 10 s., there is no pension.

It is estimated that 572,000 persons will be in receipt of

state pensions in the financial year 1908-9. The estimated cost will be for the first year, £7,500,000 sterling. The objection was raised that the ten-shilling test was unfair to men who had paid through their working lives into trade unions and friendly societies and were in receipt of small pensions from these sources. Therefore the bill was modified by introducing a sliding scale.

Mr. Lloyd George, as chancellor of the exchequer, in a speech on the second reading of the bill, disclosed the new economic and political doctrine which lies at the basis of a national social policy:

As long as you have taxes upon commodities which are consumed practically by every family in the country, there is no such thing as a non-contributory scheme. If you tax tea and coffee and partly sugar, beer, and tobacco, you hit everybody one way or another. Indeed, when a scheme is financed from public funds it is first as much a contributory scheme as one financed directly by means of contributions arranged on the German or any other basis. Again, a workman who has contributed by his strength and his skill to the increase of the national wealth has made his contribution to the fund from which his pension is to come when he is no longer able to work.⁸

While the English scheme is not yet squarely on an insurance basis it has several remarkable advantages. Thus the burden of cost falls upon the employer wholly from near the beginning of disability, not after an interval of partial contribution through a sickness insurance fund, as in Germany; and, as occupational diseases are treated as responsible for disability, they are brought under the provisions for compensation. Sickness due to other than occupational causes must be insured in other ways; there is no legal organization yet for this purpose.

CANADA

No federal or provincial provisions are made for sickness, accident, or old-age insurance of workingmen. There

⁸ *The Outlook*, July 18, 1908, pp. 591, 592.

are numerous casualty companies which sell sickness and accident insurance to individual workmen or by collective policies. The Grand Trunk Railway has a provident association and gives old-age pensions; the Intercolonial Railway has a relief and insurance organization.⁹ As the Dominion stands in close relations with Great Britain and has an energetic and progressive labor department some legislation to correct the evils of the employers' liability law may confidently be expected in a few years.

The *Toronto Globe*, in an editorial of July 26, 1904, said: "There are two kinds of provision which every railway corporation should make for its employees—insurance for accidents and insurance for old age." The editor claims that such insurance would tend to secure more efficient employees and diminish the public losses caused by railroad accidents.

What is true in this regard of a private railway corporation is true *a fortiori* of a government that owns and operates a railway system of its own. So long as society cares sympathetically for the unfit, and prides itself for the humanity it displays in doing so, there will be a logical demand to furnish protection for the infirmity of old age. In this country an old-age pension appears to be a long way off, but it is quite legitimate to anticipate it by making some provision for the support and comfort of government railway employees who have become, through age, disease, or accident, unable to endure the stress of their responsible calling. It is in the public interest that men whose eyesight has become hopelessly dim, whose hearing has become incurably dull, or whose nerves have completely broken down under the strain of incessant watchfulness, should not be intrusted with certain kinds of railway duty, and it is much easier to retire them at the proper time, if reasonable provision has been made by the state for their future living.

*Friendly societies in Canada.*¹⁰ There are three types

⁹ Riebenack, *Railway Provident Institutions*, pp. 82 ff.

¹⁰ From the *History of Canadian Legislation Affecting Friendly Societies*, by Ingram E. Bill, in an unpublished manuscript, 1908.

of friendly societies organized by Canadian legislation. First, the fraternal insurance orders with their logical system, representative government, ritualistic work, and fraternal benefits; second, labor unions which contract insurance; third, mutual societies for sick, funeral, and disability benefits, such as industrial societies, civic employees' societies, and other associations where the determining relation is occupation, race or religion.

If we take nineteen of the more important fraternal associations which are doing business in Canada, we may measure their importance by the following facts:

These associations have a total membership of 1,190,380, with a total insurance in force of \$1,626,695,858. The total Canadian membership of the combined societies is 345,557, with insurance in force to the amount of \$405,826,308. The total assets of these societies amount to \$30,874,223. Friendly societies in Canada have more than doubled during the past ten years and have been an exceedingly important factor in preventing the necessity of appeal to charity. The Canadian Fraternal Association is a society composed of the representatives of seventeen of the prominent friendly societies of Canada. It was organized in 1891 and has for its object to unite all fraternal benefit societies for the purpose of mutual information, benefit, and protection. In Canada, as in the United States, the struggle is going on between the unbusiness-like and sentimental theory of the earlier organizations and the modern actuarial views. The scientific basis is demanded by the leaders of political thought in the Dominion and in the provinces, and progress is noted on every hand, but it is progress which is impeded by thoroughly unsound views as to what can be done. Probably, however, the Dominion is nearer to a thoroughly business-like control than we are in the United States. The policy of the government is, as soon as possible, to bring

the insurance associations under government license and control, but the more radical legislation proposed by the government has thus far been postponed, and it cannot be said that the fraternal societies at this time are supporting their agreements by requiring adequate premiums and reserves.

AUSTRALIA AND NEW ZEALAND¹¹

The states of Australasia have made some of the most interesting experiments in the field of industrial insurance. The population of the Australasian states of New Zealand at the end of 1906 was estimated as follows: Victoria, 1,237,998; New South Wales, 1,526,699; Queensland, 535,110; South Australia, 383,831; West Australia, 261,746; Tasmania, 180,163; New Zealand, 908,726: Total, 5,034,273.

The wages and cost of living are relatively high. The workingmen's insurance in the states of the Commonwealth of Australia and of New Zealand exhibits common traits in respect to sickness and accident insurance. According to the English example, the system is entirely voluntary, and the friendly societies are the most important organs, the trades-unions having a subordinate place. The compensation laws follow the example of the mother country, and know nothing of compulsory insurance, but in the case of old-age insurance the matter stands in a different light. New Zealand was the first state which secured for its citizens old-age pensions, and New South Wales and Victoria have followed in the same path. For persons in the better economic positions, industrial insurance in private societies is quite extensive.

Old-age pensions.—The old-age pensions in New Zealand differ from the German system in a very important

¹¹ Alfred Manes, in Zacher's *Arbeiterversicherung im Auslande*, Heft 18.

particular; they do not require premiums to be paid by employers or workmen, as such, but the pensions are paid out of the state funds. The law of New Zealand justifies the granting of old-age pensions by the argument that it is only fair that upright persons, who during their productive years have contributed to the funds of the colony, by the payment of taxes, and to the wealth of the land, by their labor, should be cared for in their old age by the country. The argument for old-age pension in New South Wales is about the same in language, while the legislature in Victoria simply says that it is the duty of the state to care for its aged and helpless poor. The highest rate of pension, according to the legislation in the beginning of 1908, is now £26 annually, or 10 s. weekly. The law of New South Wales has a provision for married persons, which is not contained in the laws of the other states. When a husband or wife is authorized to receive a pension the amount which can be paid to each of them is at most £19, 10 s., annually. These highest rates may be reduced for various reasons. Conditions for receiving pensions are, first of all, the attainment of a certain age. In New Zealand, New South Wales, and Victoria, a person must be sixty-five years old. In New South Wales, persons under sixty-five years may receive pensions, after they have completed the sixtieth year, in case their bodily condition is such that they are unable to maintain themselves. New Zealand and New South Wales require an unbroken residence of twenty-five years. The New Zealander who claims a pension, must show that he has lived a moral and sober life, especially during the last five years before the claim is made. During the last twelve years he must not have had a prison record of over four months, and he must be free from any prison record which involves an incarceration of over twelve months, and if he is married he must not have deserted his wife. Victoria also requires that one who

receives a pension must not have been convicted of drunkenness during the last two years, three times or oftener. In New Zealand a pension is not granted to one except when his income is not more than £60 per year, or when his entire property is not worth more than £260. In New South Wales the income must not exceed £25, nor the property more than £390. In Victoria it is estimated that the average weekly income, during the last six months, should not exceed 10 s., and the property of the applicant must be under £160. The law of Victoria prescribes that the nearest relatives of the applicant must be incapable of caring for the applicant. He himself must have sought labor to support himself and his family. These requirements are not found in the laws of New Zealand and New South Wales. Since the organization of the Australasian Federation, the parliament of 1905 appointed a commission to study the problem, and already propositions for an old-age pension law, covering all the states of the Federation, have been considered. It is claimed that insurance companies are not at all affected by the old-age pension law, and it is evident that the spirit of self-help, self-support, and thrift has not been weakened. The people of Australasia are quite in advance of the people of the mother country in savings. Only recently have the states begun to pension their civil servants. The managers of great industries have furthermore introduced pensions similar to those in Great Britain and the United States. The states of Australasia have developed public insurance agencies to reduce the cost of life insurance, and private companies, like our industrial insurance societies, carry on an extensive business.

Accident insurance.—The legislation of New Zealand and other states has followed the development of English law. In the year 1854, the cruel earlier law of liability, which denied relief to the family of a workman killed by

accident, was modified, and a form of the Lord Campbell legislation was introduced. The English employers' liability law of 1880 was followed by New Zealand in 1882. This act gave to the injured workman, in relation to his employer, the same rights for indemnity which any other person would have in respect to the person who injures him; but this law worked so badly that it was found desirable, after 1897, to introduce the workmen's compensation act, according to the example of the mother country. The amount which can be collected under the liability law has always been limited in Australasia, as in Great Britain, to conform to the income of the workman injured. The Compensation Act of England was introduced into the Australasian states after 1897, but it is limited to certain occupations, while the employer's liability law, still remaining valid, covers all kinds of occupations.

In New Zealand the employers are left entirely free to choose any method of insurance. Since, naturally, many employers feel the need of liability insurance or of a collective workmen's insurance, there is a considerable demand for private insurance, and state supervision of these undertakings is required. New Zealand enacted a law, October 2, 1902, but other states have not imitated the example, nor have other Australasian states followed the example of New Zealand, which in 1900 established in its state insurance department a division for accident and liability insurance, chiefly to afford the managers cheaper premiums for insurance. The policies of the state insurance department cover the liability of the manager in relation to his workmen, up to the amount of £500 for each workman. Premiums are graduated according to the wages, and vary from 6 s., for £100 wages up to 65 s., in the case of dangerous occupations. In 1905 the premiums of the state department amounted to £23,970, and indemnities to £11,242.

Sickness insurance.—It has been honestly feared by many opponents of state care of old-age pensions that the voluntary organization of self-help and thrift would be diminished by dependence on the state. So far as the facts in respect to Australasia are concerned, this fear is not justified. The friendly societies, which are the most popular and useful form of insurance co-operation, have flourished in a remarkable degree in Australasia. The English colonists took with them their friendly society ideas, and developed them in the largest extent. In seven states, in the year 1906, there were 4,446 associations with 379,661 members. Each local society had on the average 85 members, and it is estimated that more than 30 per cent. of the entire population of Australasia shares the advantages of these friendly societies. When we consider that in Great Britain and Ireland the property of the friendly societies, per head of population, is only £5, 8 s., 10 d., and that it is £11, 15 s., 1 d., in Australia, and that the average savings, per head, in Great Britain and Ireland are £5, 7 s., 8 d., and in Australia £8, 19 s., 11 d., it would appear that the population of these "socialistic" states has developed a greater spirit of thrift and of self-help than is known in the mother country, which has long opposed any socialistic experiments. Naturally, these friendly societies, which were founded at first simply for mutual, charitable relief, have required constant improvement from actuarial criticism and from state legislation, but the associations have gradually taken scientific ground, and offer, with state supervision, a sound insurance. The trades unions have done some work in the field of insurance, but their principal purpose has been to improve wages and conditions of work people.

CHAPTER I

THE EXTENT AND NATURE OF THE DEMAND FOR A SOCIAL POLICY OF INDUSTRIAL INSURANCE IN THE UNITED STATES

1. The economic condition of wage-workers calls for insurance as a necessary part of their protection against dependence and suffering. While the statistical material for determining the number of persons requiring social insurance is not entirely satisfactory, it does enable us to make a fairly accurate estimate for our purpose. There is a common assumption in this country that the wages of workingmen are so high that social insurance is not desirable; that, with the ordinary private associations and insurance companies at hand, there is no demand for collective effort, with some measure of governmental intervention, stimulus, and regulation. It is not necessary to exaggerate poverty to prove the need of a social policy of insurance. This is demonstrated by the fact that it is precisely the men of the successful classes who realize the wisdom of distributing risks, and of providing a fund in case of incapacity for labor or of death by the method of insurance rather than by depending entirely on savings and investments. If the ordinary professional man should wait until his investments would provide for his needs in long illness or for his family in case of his death, during the first part of his career, the family would be practically within a few months of dependence on charity. On the other hand, no system of saving or of insurance can do much for the non-industrial classes, as idiots, insane, paupers of all categories, vagabonds, and criminals. Workingmen's insurance can help only working-men—those who spend most of their lives earning a living

and who are paid wages or small salaries. For defectives and paupers industrial insurance is inapplicable, and these must be supported by public or private relief; while delinquents are placed under public control at compulsory labor in coercive institutions. People of wealth can easily protect themselves by investments or by insurance in private companies. If they pay too much for this benefit, their business training enables them to discover legal means of redress and correction. But the majority of wage-earners are not in like situation and require some form of collective action.

In this connection we must determine as accurately as possible who should receive the advantages of a social policy of insurance. Various attempts have been made to estimate the average income necessary to prevent dependence on public relief and private charity. The average income will vary in purchasing power in different localities, and large sections of the population do not enjoy the average rate of earnings. In certain occupations the workers live in cities where rent and food are unduly expensive, and yet their earnings are made low by competition among themselves, as in the needle industries in New York and Chicago. To speak of the average earnings in this connection is often misleading mockery. We may, however, give estimates of careful observers in relation to the margin of dependence on relief.

Mr. P. Roberts says: "It was shown by the Bureau of Statistics of Massachusetts that it takes for a family of five persons \$754 a year to live."¹ This does not give the minimum standard of bare existence, but a reasonable standard of comfort and that only for certain areas in the state of Massachusetts. It would not apply to the negroes of South Carolina, where one of their families might regard an income of \$400 a year as luxury.

¹ *Anthracite Coal Communities*, p. 346.

The minimum standard means the income below which an average family cannot fall without reducing industrial efficiency and becoming to some extent dependent. Dr. E. T. Devine, whose experience as secretary of the Charity Organization Society of New York gives his judgment special weight, thought that the minimum income on which it is practicable to remain self-supporting, and to maintain a decent standard of living, was \$600 a year in his city. In 1904 he thought that the amount should be placed at \$700 on account of the rise in cost of articles necessary to maintain existence. In 1907, in view of more recent studies, he inclines to raise this figure very much.² Here again the minimum standard is explicitly reckoned for the largest and most crowded city in the United States, where rents are highest, food most costly, and the cold climate demands good house shelter, much fuel, and warm woolen clothing.

Generally speaking, the class of persons who need and can receive benefit from any system of collective insurance are, on the one side, not the wealthy, nor, on the other side, the dependents, defectives, and delinquents, but, actually, the vast majority of those who live on small wages or salaries, and who, in a struggle to live decently and educate their children, have difficulty in "making ends meet." In fact, this description covers much more than half the population; that is, in the United States, perhaps now over 40,000,000 persons, bread-winners and members of their families dependent on them for a living. This is an under estimate, but it is a number large enough to present a problem worthy of arousing the attention of scholars and statesmen. It is not worthy of a nation like ours to regard social care as merely a means of keeping the weakest members from abject

² *Principles of Relief*, pp. 34-36; cf. *Charities and Commons*, November 17, 1906.

misery and death by starvation. The aim of social insurance is not only to "keep the wolf from the door," but to keep him so far away that he cannot destroy sleep with his howls. The wage-worker has special claims upon collective consideration because he no longer has any ownership in the materials and instruments of production, nor any voice in management of the process nor control of the conditions under which his body and mind may suffer. It is this fact, and not their absolute misery, which gives the members of the wage-earning group a special right to the consideration of lawmaking bodies. The employers enjoy armed protection of their lives and property, without which they would be at the mercy of the majority who are in inferior economic position. No class of persons receive relatively so much help from government as the rich. Over against this is the interest of the wage-earners in having their fortunes protected by a power which is above all and which is directed by the representatives of all.

The extent of the group under consideration cannot be measured with desirable exactness, but for practical purposes the following analysis will aid the judgment. The total population of the United States, according to the Twelfth Census, including Alaska, Hawaii, Indian Territory, Indians on reservations, was 76,303,387 (75,693,734 without counting the persons in districts named), of whom 66,890,199 were whites and 8,803,535 of African descent.³

The number of persons at least ten years of age who were engaged in gainful occupations was given in the last census.⁴ Only a part of the more significant facts are here reproduced. Of 10,381,765 engaged in agricultural pursuits, 4,410,877 are called agricultural laborers and 5,674,-

³ *Statistical Abstract*, 1903, p. 22. The *Statistical Abstract* for 1907 (p. 686) estimates the population at 85,817,239.

⁴ *Ibid.*, pp. 494-97.

875 farmers, planters, and overseers. Many other laborers are lumbermen, raftsmen, wood-choppers, etc. The negro laborers of the south must be studied apart.

In the group "professional services" we notice that teachers and professors in colleges number 446,133, the majority of whom require some form of insurance, especially for sickness, invalidism, and old age, since they are on low salaries.⁵ The "trade and transportation" group includes persons of widely differing incomes, but nearly all need industrial insurance, and it is with this group that the most reliable insurance schemes have already been organized. There were in this class 4,766,964 persons.

In the group devoted to "manufacturing and mechanical pursuits" there were 7,085,992 persons (5,772,788 males and 1,313,204 females). The great majority of these are wage-workers or employees on small salaries, and need industrial insurance in all its forms. The employees are not separated from the employers in this enumeration. It is well known that the tendency is to increase the relative ratio of wage-workers to employers where the great industry prevails. The total number of persons above ten years of age in "gainful occupation" was 29,074,117 (23,754,205 males, 5,319,912 females).

Of family incomes of workingmen in the United States we have a valuable recent study based on investigations of the conditions of life for 25,440 families in various callings and districts. The data were gathered in the principal industrial centers of thirty-three states, including the District of Columbia.⁶ The investigation was restricted to families of wage-workers and of persons on salaries not exceeding

⁵ National Education Association, *Report of Committee on Salaries, Tenure, and Pensions of Public-School Teachers in the United States, 1905.*

⁶ *Eighteenth Annual Report of the Commissioner of Labor, 1903: "Cost of Living and Retail Prices of Food."*

\$1,200 a year, and persons engaged in business on their own account were not considered. The facts refer chiefly to the year 1901. We may select one of the most general statements of income:

The total family income varied from \$908.68 in Colorado to \$420.03 in South Carolina. In eight states the income was above \$800 per year, in twelve states between \$700 and \$800, in ten states between \$600 and \$700, in two states between \$500 and \$600, and in one state below \$500. The largest average income per family from all sources in any of the geographical divisions was \$883.39, reported for the Western states. In the North Atlantic states it was \$755.49; in the North Central states it was \$751.62; in the South Atlantic states it was \$690.80; and in the South Central states it was \$675.42.

These family incomes were made up from several sources:

Expressed in percentages, these figures would show that 79.49 per cent. of the average income of all families came from the earnings of husbands, 1.47 per cent. from the earnings of wives, 9.49 per cent. from the earnings of children, 7.78 per cent. from boarders and lodgers, and 1.77 per cent. from other sources.⁷

The difficulty of representing the actual condition of many families through these general statements has been felt by all students. Professor Mayo-Smith, on the basis of earlier data, ventured the statement, with very strong qualifications as to the value of the estimates, that the average annual earnings for all employees, in 1890, excluding officers, firm members, and clerks, was \$444.83.

This figure is, perhaps, the nearest approach we have to an average wage for the United States. It is not, however, a typical wage, for the reason that it includes the wages of men, women, and children, of apprentices and piece-workers.

The figures given indicate the narrow margin between income and subsistence. A few weeks of sickness or incapacity through accidents, and the meager reserve is consumed, and the family faces want and dependence on

⁷ *Eighteenth Annual Report of the Commissioner of Labor, 1903: "Cost of Living and Retail Prices of Food,"* p. 58.

charity; for the little savings and feeble credit on honor or pawn will not go far. The statistics of charity give a picture, though as yet very imperfect, of the number of families who each year cross this line, and eat the bitter bread of public or private relief; but no statistics which can ever be gathered can visualize the conditions of constant dread of suffering and pauperism which are the hourly torment of thoughtful workingmen.

If we turn to the question of savings, we encounter serious complications; for the deposits in savings banks are composed of the savings of persons of all classes. In the *Report* just cited it is said that of 2,567 families studied, 1,480 families had a surplus at the end of the year, and disposed of it as follows: kept it on hand, 491 families; placed it in bank, 682 families; invested in building associations, 63; in real estate, 42; in shares of stock, 5; loaned money, 3; paid debts, 60; other methods, 1; not reported, 133 families.⁸

The Statistical Abstract for 1903 (p. 72) stated that in the United States, in 1902-3, there were 7,035,228 depositors in the savings banks; the amount of their deposits was \$2,935,204,845; the average to the credit of each depositor, \$417.21. But this gives little direct light on our subject, because the social and financial classification of depositors is not given.⁹

It would be interesting to know how far the savings of workingmen are invested in some form of insurance; and here we have considerable information, but not much that is encouraging. Of 2,567 families reported to the commissioner of labor, 806 held insurance on property and 1,689

⁸ *Op. cit.*, p. 512.

⁹ *Ibid.*, pp. 421-69, 501. *The Statistical Abstract for 1907* (p. 618) gives number of depositors, 8,588,811; amount of deposits, \$3,690,078,945; average to each depositor, \$429.64.

on life; 944 paid dues to labor organizations, and 1,123 to other kinds of organizations, including a certain sum for insurance. On the surface the showing is very impressive. There were in the year 1902, in the United States, 4,160,088 policies of the ordinary form, with annual payments of premium, or at least infrequent payments, in force. The face value of these policies was \$8,701,587,912.

The total income of all companies was \$504,527,705, and payments to policy-holders \$199,883,721; the assets, \$2,-091,822,851; the surplus, \$293,685,990; the number of policies of all kinds, 17,608,212; and their value, \$10,-508,478,776.

If we turn to the "industrial" companies, we have to deal with insurance which really touches vitally the working people on small incomes, and in these companies we find 13,448,124 policies, with a face value of \$1,806,890,864. The average amount of each policy is small—about \$135.¹⁰ This analysis will be carried further in the discussion of private insurance.

Another point of view may be taken for the consideration of the need of insurance of workingmen in this country. Have they accumulations of wealth which will furnish them credit in case of incapacity for daily labor? Here again the averages of wealth per inhabitant, including billionaires and day laborers, are absolutely deceptive. Though often cited by political partisans to prove the extraordinary prosperity of wage-earners, they have no value for any such purpose. And when we come to classify the population by income we confront serious, perhaps insuperable, difficulties. C. D. Wright says: "American statistics do not warrant any very careful classification of the distribution of wealth."¹¹

¹⁰ *Statistical Abstract*, 1903, p. 421, prepared by Frederick L. Hoffman, insurance statistician of the Prudential Company.

¹¹ *Practical Sociology*, 5th ed., rev., 1902, p. 312.

He quotes Mulhall's estimate for England:

With a population in 1891 of 38,857,000 he finds that the rich numbered 327,000, with an average of about \$136,000 per head; that the middle class numbered 2,380,000, with nearly \$4,500 per head; that the working class numbered 18,210,000, with about \$150 per head; and the children 17,940,000, without any estimates as to their holdings. In all probability the distinctions here approximate those for the United Kingdom.

2. There is a marked tendency in all modern countries to form a group of families dependent on wages or small salaries for their living. These are in a certain degree dependent on managers of capital even for the opportunity of labor and for the determination of the conditions of life. In no country is the growth of the great industry more marked than in the United States. It is true that the agricultural occupations have not yet come into this current, and that very many moderate industries are fairly prosperous and have a prospect for the future. But these eddies must not divert our attention from the main direction of industrial development. The enlargement and concentration of the class of wage-earners are facts of vital importance in relation to the need of social insurance. The manager of business finds in the business itself means of investment and a provision for periods of incapacity for active labor—a store which he can personally control. The well-paid professional man can support himself in periods of leisure, in sickness and old age, out of financial reserves invested in productive funds. The farmer can rely upon a mortgage or sale of lands or cattle for credit or income while he is laid aside from personal industry. But the wage-worker generally lives in cities where all he consumes must be paid for in money; the wages of most members of this class furnish scant margin of surplus for investment; the accumulation of a fund which will provide income in emergencies is

a long and painful process; and thus the only reliable method of providing surely and at the beginning of need for emergencies is insurance. A. Manes¹² says:

This brings us to the difference between saving and insurance. He who saves in order to meet a future expenditure must have enough time for it. He who insures himself is protected from the moment he takes out a policy, however small his first premium. He who undertakes each year to set aside 1,000 marks in order to leave to his heirs in case of death a large capital, but who dies in the first year, leaves merely 1,000 marks increased by interest. But he who insures himself for 10,000 marks and dies after paying a few marks in premiums leaves to his heirs 10,000 marks. . . . The saver is isolated. He cares only for himself. His savings help only himself or his family. Insurance is in strong contrast and rests on the principle: *All for each, each for all.*

The table shows by an example the advantage of insurance over savings. The case is one of a man thirty-five years of age insured for 10,000 marks in a company, and the corresponding savings, interest at 3 per cent. The sum of the premiums, if placed in a savings bank, will not equal the sum given by the policy until nearly the end of twenty-five years. If the insured dies before that time his heirs receive more than the savings would give, and much more if he dies within a few years. If he lives to the end of the twenty-five years and takes the 10,000 marks he can put that out at interest and receive a fair income. If the insurance premiums are not taxed, as in some countries is true, there is a further gain over savings.

Investments in the securities offered by industrial and commercial companies, even if there are savings to invest, seem to the person unacquainted with this world of speculators as little better than gambling. Secure bonds render slight returns.

The tendency toward the enlargement of a class of per-

¹² *Versicherungswesen*, pp. 11, 12.

TABLE I
INSURANCE FOR 10,000 MARKS, PAYABLE AT DEATH OR AFTER 25 YEARS

Number of Years Paid by Insured Beginning at Age Thirty-five	Annual Premium	Sum of Savings, plus Interest at 3 per cent.	Sum Insured	Sum of Insurance Payable above the Savings
	Marks	Marks	Marks	Marks
1	421.00	421	10,000	9,579
2	421.00	855	10,000	9,145
3	421.00	1,301	10,000	8,699
4	421.00	1,761	10,000	8,239
5	421.00	2,235	10,000	7,765
6	320.80	2,623	10,000	7,377
7	312.40	3,015	10,000	6,985
8	305.90	3,411	10,000	6,589
9	298.40	3,812	10,000	6,188
10	290.70	4,217	10,000	5,783
11	282.90	4,627	10,000	5,373
12	274.90	5,040	10,000	4,960
13	266.80	5,458	10,000	4,542
14	258.50	5,881	10,000	4,119
15	249.90	6,307	10,000	3,693
16	241.00	6,737	10,000	3,263
17	231.80	7,171	10,000	2,829
18	222.40	7,608	10,000	2,392
19	212.70	8,049	10,000	1,951
20	202.60	8,494	10,000	1,506
21	192.30	8,941	10,000	1,059
22	181.60	9,390	10,000	610
23	170.50	9,843	10,000	157
24	159.00	10,297	10,000	
25	147.10			
	6,928.20			

sons dependent on wages is indicated in this citation from Mayo-Smith:

While population from 1880 to 1890 increased 24.6 per cent., the number of persons ten years of age and over engaged in gainful occupations increased 30.7 per cent. The increase in agriculture, fisheries, and mining was, however, only 12.6 per cent., and in domestic and personal services, 24.5 per cent. On the other hand, the number of persons engaged in professional services increased 56.6 per cent.; in manufacturing and mechanical industries, 49.1 per cent.; and in trade and transportation, 78.2 per cent.¹⁸

¹⁸ Mayo-Smith, *Statistics and Economics*, p. 70.

This means that most of the workers are absolutely without hope of escaping from a position in which they depend on capitalists for employment, and that their permanent interests are with their own group. The same writer presents further illustrations in the words:

In the manufacture of agricultural implements the number of establishments decreased 1,033 or 53 per cent., while the number of employees increased 2,964 or 7.5 per cent., and the value of the products twelve million dollars or 18.4 per cent.¹⁴

In the manufacture of boots and shoes, gristmills, paper factories, cotton-mills, the same tendency is observed. But the fact is too familiar and obvious to require further mention.

3. The necessity for providing industrial insurance has become acute. If the nation only knew the facts, there would be radical legislation within a short time. But, as a matter of fact, men of the business world, forced by the absurd employers' liability laws, have followed a policy of concealment as by a universal instinct. Of occupational accidents we gain suggestive glimpses, but of the causes of disease and premature age and death in industries we have in this country little information either from governments or from insurance companies. The insurance companies are apparently afraid to join in a comparative study of their own experience, for fear their competitors will use the information. And so we are compelled to put together mere fragments of knowledge, and hope that the general and state governments will pursue the study, and thus awaken general interest and direct action. Only in the reports of the Interstate Commerce Commission have we fairly satisfactory reports of accidents to passengers, workmen, and others. The laws of eleven states require reports of accidents in factories, but only one state is attempting to secure reports

¹⁴ Mayo-Smith, *Statistics and Economics*, p. 173.

of accidents in all industries. The state of Wisconsin passed a law in 1905 which makes it the duty of physicians to report all accidents which result in the serious injury of workmen and cause incapacity for work during a period of more than two weeks. In the *Eleventh Annual Report* of the Department of Inspection of Indiana (1907) it is said:

There have been reported during the year . . . 2,287 accidents. Of these, 62 were fatal, 454 serious, 455 slight, the latter causing the loss of five to twenty-five days' time, and 1,316 very slight accidents, resulting in loss of less than five days' time.

From the table it appears that the average age of the person injured was 20.4 years; extremes of age 14-65 years. Out of 924 cases, 467 were heads of families and 457 not heads of families; 491 were injured on machinery and 269 otherwise; 235 on guarded machinery and 189 on machinery not guarded. The highest loss of wages was \$500, the least \$1. Wages were paid by employers during disability in 163 cases in amounts from \$1 to \$300. Burial or medical expenses were paid in 395 cases in amounts from 50 cents to \$308, and in 80 cases the amount not being stated—by the company in 315 cases (\$7,862.49); by the insurance company in 68 cases; by the insurance company and employing company in 4 cases; by the man himself in 25 cases; by the insurance company and the injured in 1 case; by self and employee in 5 cases. In 151 cases from 1 to 10 persons were dependent on the injured workman.

The Bureau of Labor Statistics of Illinois published in 1908 its first report for six months on industrial accidents under a law which requires employers to report accidents which cause disability of thirty days or more. During the six months ending December 31, 1907, there were reported 1,392 casualties; of which 298, or 21.4 per cent., resulted in death and 1,094, or 78.6 per cent., were not fatal but caused disability for at least thirty days.

The most valuable recent report is that of Wisconsin (*Thirteenth Biennial Report of the Bureau of Labor and Industrial Statistics, 1907-8*). The total number of injuries reported from October 1, 1906, to October 1, 1907, was 13,572, of whom 7,186, or 53 per cent., were of workmen engaged in their employment, the others being accidents to those either not at work or at work for themselves. The reports are made to the State Board of Health by physicians and cover injuries to all persons if the accident causes disability over two weeks. Of the 7,186 injured in the course of occupation 7,030 were male and 156 female; married 3,130, single 3,875, unknown 181. The fatal injuries were 2.8 per cent.; non-fatal but permanent, 14.4 per cent.; temporary, 80.9 per cent.

The cost to employers of injured workmen in 503 establishments in 1906 was: for employers' liability premiums, \$135,370.49; for workmen's collective accident premiums, \$13,489.03; for all other expenses, including sums paid directly, medical aid, and wages allowed, \$36,774.30; total expense, \$185,633.82; of which seven employees received \$84,430.39, or 45.49 per cent.

One of the most important casualty companies has given out certain figures which they have made in connection with insuring employers from loss occasioned by damage suits of injured workmen. During the years 1889-1903 this company issued policies to employers who paid out \$1,905,515,398 in wages to about 3,811,030 workmen, and in this number there occurred 185,088 accidents. After bringing together all the evidence he could collect, Dr. Josiah Strong estimates the number of killed and wounded in the army of labor at over 550,000 annually. This does not include the sickness and death caused by occupations.

This is 50 per cent. more than all the killed and wounded in the late war between Japan and Russia. There are more casualties on our

railways in a single year than there were on both sides of the Boer war in three years. . . . There were twenty-four times as many casualties on our railways in one year as our army suffered in the Philippine war in three years and three months. . . . Taking the lowest of our three estimates of industrial accidents, the total number of casualties suffered by our industrial army in one year is equal to the average annual casualties of our Civil War, plus those of the Philippine war, plus those of the Russian and Japanese war.¹⁵

The hazard varies, of course, in different occupations. In an investigation made in New York for 1899 and covering selected industries it was found that the number in 1,000 injured was in stone and clay products, 15.18; metals, machinery and apparatus, 26.57; wood, 18.42; leather, rubber, pearl, etc., 3.21; chemicals, oils, and explosives, 44.06; pulp, paper, and cardboard, 41.46; printing and allied trades, 9.19; textiles, 8.91; clothing, millinery, laundering, etc., 1.35; food, tobacco, and liquors, 13.51; public utilities, 37.28; building industry, 26.20. Mr. F. L. Hoffman estimates the average annual number of miners killed in the United States and Canada at 2.64 per 1,000. The number of men killed per 100,000 of population in the registration states during the year ending May 31, 1900, was: in the professions, 61.1; mercantile and trading, 46.0; laboring and servant, 220.2; manufacture and mechanical industry, 88.4; agriculture, transportation, and other outdoor, 139.6.¹⁶

It is probably generally supposed that agricultural industry is comparatively free from accidents; but this does not seem to be true. The figures we have for America agree with those which have been collected in Europe. The number of deaths of men (between fifteen and forty-four years of age), according to the Twelfth Census, was in cities

¹⁵ *North American Review*, November, 1906, pp. 1030 ff.; *Social Service*, August, 1906.

¹⁶ Bailey, *Modern Social Conditions*, pp. 247-97, 253.

122.4 per 100,000 population, and in the rural population 122.1.

The mortality from accidents in specified occupations, according to English experience, 1890-92, is shown by Mr. F. L. Hoffman in this table (rate per 1,000 at each age):¹⁷

TABLE II

Ages	Profes- sional	Agricul- tural	General Trades and In- dustries	Unhealth- ful Trades	Dangerous Trades	Unhealth- ful and Dangerous Trades	Common Labor
15-19.....	0.1	0.3	0.3	0.3	1.4	1.6	0.4
20-24.....	0.2	0.3	0.3	0.3	1.6	1.6	0.6
25-34.....	0.2	0.5	0.4	0.4	1.6	1.8	0.8
35-44.....	0.3	0.5	0.5	0.6	1.9	2.1	1.1
45-54.....	0.3	0.6	0.8	0.8	2.3	2.8	1.5
55-64.....	0.6	1.0	1.1	1.1	3.0	3.2	2.0
65 and over	1.0	1.6	1.9	2.2	3.9	4.1	3.4

4. Influence of individualistic optimism on the progress of social policies in the United States. Confidence in the ability of each man to care for himself has grown out of the facts of those early economic conditions when the hunter defended himself Indian fashion against Indians, and earned his livelihood on his own farm. In one generation a nation has passed through all stages of industrial development, from hunting and household production for household use to leadership in collective production by huge combinations for a world-market. Sentiments, in the form of prejudices, survive the situation which produced them, men carry the ideas of the isolated farm into the congregate life of cities where they are out of place, and fathers teach to sons the philosophy of *Poor Richard's Almanac* in an environment where it requires enlargement to explain and fit the facts. Until very recently it was the common belief, for which there was much evidence, that any industrious, sober, and thrifty wage-worker could become an independent manager

¹⁷ *Annals of American Academy*, May, 1906, p. 28.

of business; and this cheerful faith endures millions of disappointments.

Leadership is still largely in the hands of vigorous men who climbed to places of power under the spur of this faith in individual effort, and who, spite of the revolution in methods of conducting affairs, preach the same doctrine to thousands of wage-workers whom they control as with a rod of iron. The unconscious assumption of our captains of industry is that intervention of government is necessarily evil—unless they happen to be in a council asking a franchise, or in a lobby asking for a protective tariff for some infant industry. The managing class, mindful of the success of their splendid confidence in their own power to master difficulties, sincerely believe that wage-workers have no need of social care. They have been encouraged in this creed by the economic and political instruction which had its root in the revolutionary effort to cast off mediaeval restrictions. According to this theory, the state has one task—that of preserving order and property, while competition is left to work out all the advantages which they expect from it. “The best government is that which governs least,” has been a popular proverb.

It is true that the logic is forgotten when a railroad company asks from government half the land along its right-of-way, and a large cash bonus to reward its enterprise and make dividends secure; or when a city council has special privileges to barter. They return to the inherited theory when rates are to be regulated, workmen are to be protected, or lives of citizens to be safeguarded. The stinging epithets of “socialist” or “paternalist” are apt to be flung at anyone who suggests that the nation which demands of its workmen both taxes for support, and in war lives for its defense, ought to act in return so that its wise paternalism shall

evoke patriotism.¹⁸ When one seeks to gather from the experience of older countries lessons to guide our own action as we move onward rapidly to the economic condition of ancient states, we are told that we of a free republic cannot copy the methods of "absolutism," cannot submit to the "tyranny" of a country like Germany. Progress is often halted for a time by such catchwords which betray provincialism of thought.

Distrust of governmental interference is fostered by defects in our political organization and conduct familiar to all, and these are largely due to the fact that the hope of prizes in the world of management has drained off much of the best talent to business and away from direct public service of the community. It is not too much to say that the average successful business man has an ill-concealed contempt both for the ability and for the integrity of men who direct politics. There has been so much inefficiency and corruption under the spoils system that only too much reason exists for this widespread distrust of competent men for those in charge of municipal and national administration. Some of the leaders of business have only too intimate knowledge of the ways in which representatives of the people can be purchased to have respect for politicians as a class, for they have themselves made the deals. This distrust has been deeper and wider than was deserved; for, in fact, the administration of many public works has been, on the whole, successful and a part of the national glory. Where the public administration has failed it might have succeeded better if business men had not been so absorbed in making themselves rich. Failure of government is no credit to them.

5. The absence of a national legislative power and of either national or state administrative organs adapted to

¹⁸ What is patriotism but love for "fatherland"?

insurance has tended to retard progress in the social protection of workingmen. Congress is limited by the Constitution to interstate commerce, to the District of Columbia and the territories, as a field of legislation and control. Many of the industries can be touched only by state laws. In the states until recently a central administrative organization has been almost entirely wanting. In Germany there has long been a central administration with great power, and in France the nation is accustomed to give to the regulations of administrative councils all the force of law. The development of the Home Office in Great Britain enables the legislator there to enforce laws which here would require the creation of new agencies or the very great increase of functions of existing organs. The independence of each state is an obstacle in the way of passing laws which involve expense in the management of business, since the manufacturers and traders of each state are in competition with those of all other states. These are some of the difficulties which must be overcome in the process of securing for workingmen the protection and insurance which have come to be regarded as just in all other advanced nations. A bill brought before the Legislature of Massachusetts in 1904 to introduce the British Compensation Act of 1897 was defeated by the claim of the manufacturers that the indemnities required of them would cripple them in competing with manufacturers of other states. The same argument could be used in all other states, and we should have a deadlock, if the argument were sound.

6. In order to escape from this whirlpool in which our political system seems to hold us, it must be shown that the social policy of protection, education, and insurance, so far from being a financial burden on the manufacturers of a state, is a paying investment; that the best investment of a business community is not in machines of steel and wood,

but in its productive human agents; and that the state which first commits itself honestly to this policy and works it out wisely will take and keep the lead in business, by attracting and holding an army of healthy, sober, conservative, relatively contented and faithful workmen. This is no place to do more than suggest the outline of an argument in favor of this proposition. It rests on the fact that the condition of bodily vigor, of comparative contentment and serenity of mind, of freedom from irritating and depressing despair in prospect of incapacity to earn a living temporarily or permanently, is an asset of first importance in the process of continuous manufacture. The workman who has suitable conditions of human existence is for that industrially more efficient, is a better customer with larger and more steady purchasing power, loses less time by drunkenness and vice, has more varied wants, and demands more kinds, finer grades, and larger quantities of commodities. The state whose industries take best care of its men will swiftly and surely attract and hold the best workmen. It is the fashion in some quarters to undervalue this argument, and to ascribe all virtue to improved machinery and shop organization and modes of paying wages; but, after all, the experience of a century is worth more than the passing passion of a man sore after a strike, and common-sense will surely come to the help of morality and decide that, on the whole, human workers, with sound bodies and varied wants, are at once our first factor in large production and our largest market for goods made. A million such civilized customers are better than several millions of naked savages or all the spendthrifts in the world.

It is a pleasure to quote the testimony of a man in the highest position in finance, that workingmen's insurance "has become one of the leading factors in helping Germany

to the industrial pre-eminence which she is gaining."¹⁹ In speaking of the sickness insurance of Germany he says:

The testimony in regard to the value of the work done in the sick insurance system is almost universally favorable. It would be hard to calculate its economic importance, but it is so great that it has become one of the leading factors in helping Germany to the industrial pre-eminence which she is gaining.

7. The attitude of the trade-unions to obligatory insurance, the only kind which can ever afford help to all and especially to those who most require it, is still in doubt. The national assembly of the American Federation has voted down a resolution favoring such insurance in the form presented to it.²⁰ But the probability is that under its more recent forms, when once clearly explained to the members and properly presented, it will soon win their favor. Obligatory workingmen's insurance has been in the past in this country connected with attempts to compel the workmen to pay an excessive share of the premiums, to break the power of the union and alienate its members, and to retain the equitable share of the funds to which the men have contributed if they leave the service or are discharged. In conventions the propositions for collective insurance have been championed by the socialist faction and have gone down in the defeat of this party. Insurance in the European sense has never yet been offered to our workmen in any state. When it is shown that obligatory insurance does not mean absolute control of employers, but union of effort in which both sides are fairly represented in local management; that the interest in collective bargaining remains untouched; that

¹⁹ Mr. F. A. Vanderlip, in *North American Review*, December, 1905, p. 925.

²⁰ The federal Bureau of Labor is now engaged in a thorough investigation of the whole subject, and a report is expected before many months. Some results of the investigation have already been published and are used in this volume.

voluntary organizations are recognized and made secure by suitable state supervision and control and that taxpayers, so far from being asked to increase burdens, will be substantially relieved from many charity demands, it seems likely that indifference and antagonism will change to approval. Mr. John Mitchell has expressed a favorable opinion which already has won the attention and the approval of many trade-unionists.²¹

8. America has no system of industrial insurance, but a beginning has been made from various starting-points—local societies, trades-unions, fraternal societies, employers' initiative, private corporations, casualty companies, and municipalities. The nation throughout its history, from Plymouth pilgrims down to our own day, has developed the most extensive pension system known to the civilized world. Out of these fragmentary, contradictory, inadequate, unsystematic experiments the nation has yet to develop a consistent and worthy social policy. It is our purpose to describe these various schemes, and to inquire what measures promise immediate improvement and tend in the right direction. Signs are not wanting that many of the most competent leaders of industry and commerce will in the near future give much more attention to this problem than they have hitherto done.

²¹ *Report of Industrial Commission*, Vol. XII, p. 50.

CHAPTER II

LOCAL RELIEF SOCIETIES

The most simple and primitive form of industrial insurance is found in the numerous mutual benefit associations which exist everywhere and under many forms. Some of these are aided by the employers and others are supported entirely by the contributions of the members. These mutual aid associations are the elementary school of thrift, of brotherhood, and of the future social policy which is growing up within these voluntary organizations. These societies rarely have any centralized organization to bind them together, the state does not recognize their existence until they become federated and important, and their by-laws have no direction from actuarial experts. They spring up spontaneously and by imitation in response to economic necessity, and they are found among wage-earners of many occupations and of many nationalities in our large cities. German, Scandinavian, Italian, and Hebrew immigrants find in their little societies protection and support in the hour of sickness and sorrow. The negroes have similar organizations and are greatly attached to them. Reliable statistics are not accessible, because there is no central office nor general system of reports. The administration is often changed and usually inadequate, while the bookkeeping is ordinarily very crude and unsatisfactory. It would be almost impossible to reduce their premiums and benefits to tabular form, because each society has its own peculiarities. All that is here attempted is to give a certain number of significant illustrations and to call attention to certain general tendencies.

Mutual aid societies of immigrants from Europe.—In

a foreign land and among strangers the poorer immigrants seek fellowship, encouragement, and care among those who understand their language and sing the songs of fatherland. In the large cities the people of the same race or nationality establish societies of a charitable nature in order to succor their countrymen who have not yet won a secure place and means of self-support. Those who have lived in this country some time and have become prosperous are proud to relieve the distress of those recently arrived. Public relief and the alms of other races are felt to be disgraceful, and soon the industrious immigrants prefer to aid each other through contributions to a mutual benefit society where the thought of alms is not present. For some time the benefit societies retain something of the character of their origin in charitable relief, but the tendency is to remove them as fast as possible from this ground. Naturally these independent new citizens associate themselves with persons of their own race and language. This tendency is fostered by the fact that immigrants often form "colonies" of members of the same nationality and religious confession, and thus we have Bohemian or Italian quarters and sometimes a Ghetto. Frequently these colonies contain thousands of persons who come from the same land, speak the same tongue, and worship after the same ritual. The Russian Jews dwell in the same region of a city, the Italians are for the most part Catholics, and the Bohemians are Catholic or free-thinkers. It follows very naturally that many of these local societies are composed of families of the same language and religion. The synagogue or church may easily become the social center of the organization, and on festival occasions the place of public worship may witness their ceremonies and incidentally advertise their advantages.

In the city of Philadelphia, in the year 1892, was founded the society of the Independent Chevra Kadisho,

whose purpose was to furnish poor families with money for funeral expenses. It has about 3,000 members, each of whom pays ten cents each month as dues. There are three other societies of a similar character in the city. Mr. Bernheim tells us that the lodges furnish social recreation and contribute materially to the elevation of the social condition of the residents of a Ghetto. Various branches of the brotherhoods extend in every direction and there are few families which are not connected with some organization. The Ghetto in Chicago contains seventy-five registered lodges, of which thirty-two belong to the federation B'rith Abraham and twenty to the Western Star, and others to less conspicuous unions. In this respect they resemble the lodges so popular among their Christian neighbors which furnish life insurance to their members and so render an important economic service which is the principal ground for their existence. Here we see a common tendency to federate local lodges into larger societies or brotherhoods, a form of union which will be studied more closely in the chapter which will follow later on "Fraternal Benefit Societies."

Mutual benefit societies in mercantile and manufacturing establishments.—Common employment in the same house furnishes a convenient basis for organization of a mutual benefit society in a simple and imperfect form. Here again the mutual benefit fund is established to avoid dependence on charitable appeals. Wherever people come together in considerable numbers and with moderate and small incomes, a prolonged illness, a serious accident and the extraordinary demands of a funeral inevitably start someone to collect money to meet the emergency. This instinctive appeal to humanity is enforced by the reflection that no one knows who may require assistance next. The employer is usually asked to contribute to this fund. But the whole arrange-

ment is unsatisfactory. The liberal pay relatively much, the stingy shirk duty, yet will sometimes make heavy demands when trouble strikes them, while the vicious or thriftless make special burdens for others. It is found that a regular payment provides a fund, even if a small one, that it lasts longer than spasmodic charity, that it distributes the burden more fairly, and that no one feels himself disgraced by taking his share when it becomes necessary. Without attempting any classification a few examples will illustrate the variety of methods and the general tendencies of this type of mutual benefit associations.

The Employees' Mutual Benefit Association of the department store of Carson, Pirie, Scott & Co., Chicago, is a specimen of this group. This association was founded in the year 1895. All employees of the firm are eligible for membership. The officers are elected by the members, and the element of self-government is strong. The members are divided into two classes: (1) Class A, composed of those who receive more than \$5 weekly wages; (2) Class B, those who receive \$5 or less. The initiation fees are \$1 and 50 cents, the monthly dues are 35 cents and 15 cents, which are collected by the simple process of deducting the dues from payments of wages. The sick benefits are \$6 or \$3, according to the class, paid during 6 weeks after the first week. The death benefits are \$100 or \$50, paid out of a fund raised by assessments of 25 and 15 cents on the occasion of a death. In a report of January 1, 1906, it is said that there were 790 members, an increase from 525 of the year before. On April 18, 1906, there were 1,056 members, indicating a rapid growth. During the year 1905 the expenditures for sick benefits were \$3,194; funeral expenses, \$100; medical attendance, \$142.50; costs of administration, \$75.50; charitable relief, \$25. Of the members 394 participated in benefits during 1905. The entire expenditures

since the establishment of the fund had been \$20,870.37. Membership is voluntary. Significant is the opinion of the administrator of this fund based on his observation of its value and limitations. He has reached the judgment that the success of the fund proves that it is desirable to secure sickness insurance at low cost. In order to be successful a benefit society must meet all claims promptly after careful investigation. What is good for a few must be good for all wage-earners, and therefore he recommends that the state levy a small tax on all employers according to the number of their employees. The premiums should be fixed by a competent actuary according to the rates of wages paid. From this tax a fund would furnish safer and cheaper sickness and invalidity insurance and death benefits than could be furnished by fraternal organizations. Branch societies could be organized and administered by unsalaried officers in each store and factory, and in each office the premiums could be collected and the benefits paid out. In case of change of employment the employee could be transferred to the society of the place to which he goes. The only condition of membership would be employment in some particular enterprise. One consequence of this arrangement would be that an employee would rarely desert his position without good reason and thus lose his claims by a strike or unworthy conduct. Many employers already expend considerable sums for charity and for protection against strikes which might much more profitably be paid out in insurance. The state as well as employers would derive advantage from this organization because the tendency would be to diminish the causes of social disturbance. This opinion is given at this point as an indication of the influence of practical administration of such funds on a business man. Criticism is reserved for a suitable place.

The Siegel-Cooper Company Employees' Association

was organized in Chicago in 1893, and later an association was formed among the employees of the house of this firm in New York. Only employees of the firm can become members of the society. The members are divided into four classes according to their rates of wages; and the contributions are scaled in the same way: wages per week, \$2.50 or less, 10 cents monthly dues; wages \$2.50 to \$5, 20 cents; wages \$5.01 to \$9.99, 30 cents; wages \$10 and over, 40 cents monthly. When the fund falls below \$500 an assessment of 25 cents per member is levied to provide means. The benefits received are free medical care and \$5 weekly sick benefits during six weeks for those whose wages are over \$10 weekly and half wages for the others. In cases of chronic disease no benefits are paid. In exceptional cases a gratuity of not more than \$50 is paid to needy members who are sick. Death benefits of \$100 in the higher classes and \$50 in the two lower classes are paid, but lower sums in case dues have not been paid a full year.

The Mutual Aid Association of employees of J. H. Williams & Co., Brooklyn, New York, was formed in 1901. The members, who are employees of the firm, are divided into two classes according as their wages are above or below \$12 weekly, and the weekly dues are 20 and 10 cents. The benefits paid are \$11 weekly in the first class and \$6 in the second class. During the first week of inability to work nothing is paid. The member must pay dues six weeks before he can receive benefits. During six weeks the person disabled receives the full benefit and if the sickness continues the rate is reduced to one-half and paid for twenty weeks. The total amount which one member can receive is limited to \$176 in the first class and to \$96 in the second class. A member who leaves the employment of the firm after he has paid dues for a full year without having drawn upon the fund receives back one-half of the sum he

has contributed to the fund. The family of a member who dies after having paid dues six months receives \$50 death benefit, and if he has been a member one year the family is paid \$100. In case of the funeral of a member \$5 may be expended for flowers, but no other gratuities are permitted.

The Sherwin-Williams Employees' Mutual Benefit Society admits only employees of the firm, and membership is voluntary. The members agree to permit the paymaster of the firm to deduct from the weekly wages one cent from each dollar due where the wages are under \$10. The benefits cannot exceed one-half the wages of \$10, and none are paid during the first week of absence from work. Where the disability is caused by vice or drunkenness no sick benefit is paid. The death benefit is \$25.

The Mutual Benefit Association of the Cleveland Hardware Co., according to the by-laws of 1901, has two classes of members, "Seniors," who are over nineteen years of age, and "Juniors," who are under nineteen years. The weekly dues are 25 and $12\frac{1}{2}$ cents, according to the class. The senior members receive in sickness \$6 for two weeks, \$5 during twelve weeks, \$2.50 per week for the next thirteen weeks, and \$1 per month during the remainder of the illness. The period of payment of benefit is limited to twenty-six successive weeks in any one year. The Junior members receive half as much as the Seniors. At the death of a member an assessment of 50 or 25 cents, according to class, is levied. Drunkenness and immorality exclude the sick member from participation in the benefits. This is an almost universal rule in such associations. It is a rule which may be necessary, but it must be examined critically as to its justice, for it does not seem fair to accept the dues for a long time and then refuse to pay benefits. It would seem that at least part of the contributions should be returned to such persons. The German insurance law formerly

contained this rule, but it has been changed. No person needs more medical care, even in the public interest, than one afflicted with a contagious disease, no matter how it has been caused. The necessity for the rule reveals a radical and incurable defect in all merely local insurance funds.

The Brown & Sharp Mutual Relief Association, Providence, Rhode Island, was organized September 10, 1886. The officers, chosen by the members, are president, vice-president, secretary, treasurer, and directors. The president appoints visiting committees who visit the sick in order to manifest fraternal interest and, incidentally, to prevent fraud of malingeringers. Membership is open only to employees of the firm. Members of the first class, receiving over \$8 weekly wages, pay 5 cents weekly dues, and members of the second class, receiving less than \$8 per week, pay $2\frac{1}{2}$ cents weekly dues. The dues are collected monthly by the secretary. In order to cover unusual drafts on the funds an assessment of 50 cents in the first class and 25 cents in the second class may be levied by the directors, but not more than twice in any one year. Higher assessments can be laid only by a two-thirds vote of the members. The sick benefits are \$1 and 50 cents daily, according to class, paid during thirteen weeks, Sundays not included. A person must pay dues four weeks before he is entitled to receive benefits. Immoral conduct excludes from rights to benefits.

The Clerks' Benefit Society of Montgomery Ward & Co., Chicago, receives a small contribution from the firm. Membership is voluntary and there are between four hundred and five hundred members. A reserve fund of \$1,000 to \$3,000 is kept. Members of class A are employees of the male sex over eighteen years of age, and female employees who are accepted by the board of directors; members of class B are male employees under eighteen years of age and female employees not eligible for class A. The entrance

fee is \$1 and the monthly dues are 50 and 25 cents. The weekly sick benefit is \$10 or \$5, and is paid for thirteen weeks beginning with the fourth day of absence from work; but benefits may not exceed the wages. When a member of class A dies, each member of this class pays an assessment of \$1, and each member of class B pays 50 cents; and when a member of class B dies, each member of class A pays 50 cents and each member of class B pays 25 cents to pay death benefit. The secretary receives \$50 yearly for his services.

The Seroco Mutual Benefit Association (employees of Sears, Roebuck & Co., Chicago). The employees are divided into two classes: class A consisting of those who receive weekly wages of \$9 or more and class B, those whose weekly wages are under \$9. The monthly dues are graded according to the wages, 10, 20, 30, 40, 50, or 60 cents. The assessment to provide benefit on the occasion of a death is the amount of dues for one month. Membership is voluntary. Sick benefits are paid according to the wage group, after three days for eight weeks:

TABLE I

Weekly Wages	Weekly Sick Benefit	Death Benefit
Under \$4.....	\$ 2	\$ 25
\$ 4-\$ 6.....	4	50
6- 9.....	6	75
9- 12.....	8	100
12- 15.....	10	125
15 and above.....	12	150

The administration is conducted by a president and the other customary officers and five directors who must be foremen of the firm. The president of the society sends a circular letter to each new employee and advises him to become a member of the society and describes the advantages it offers. From one of these circulars we may learn something of the motives of the organization:

In nearly all large institutions where many people are employed, and who become closely allied with each other in the daily routine of their work, it is customary when a co-worker has the misfortune to become incapacitated for work to render him such financial aid as is possible by "passing the hat" or raising money by subscription. To overcome such conditions in our house the Seroco Mutual Benefit Association was organized on June 1, 1902. A member is not a subject of charity, as he pays for what he receives. . . . From the standpoint of insurance, the rates are much lower than similar insurance can be procured from any regular insurance company; furthermore, there is no company that will issue a policy covering all the conditions at such a small cost as the S. M. B. A. offers, and our society, being conducted virtually without expense, makes it possible to give its members such liberal terms.

The application for membership includes a statement which is intended to show what physical infirmities affect the health of the applicant and to exclude those who suffer from rheumatism, cancer, heart disease, insanity, consumption, paralysis, or apoplexy. The association is virtually self-supporting and not dependent on contributions from the firm. Since May, 1905, no initiation fee has been required. The firm supplies free printing and stationery, free services of the visiting nurses from the hospital department, and medical attendance of the physicians in service of the company. Higher officials pay dues but do not receive benefits from the fund, since their salaries are continued during illness. The manager of the society says that his experience has taught him that "the laboring classes are not quick to discern what is undoubtedly a great benefit to them." Since membership is voluntary, only 2,610 out of 7,500 employees have become members. It is suggested that many of them prefer to insure themselves in regular insurance companies and with fraternities to which they have social attachments. The manager says that at the time of writing the expenditures were in excess of receipts, and they were considering more stringent rules for the exclusion of per-

sons affected by rheumatism and tuberculosis. The manager admits the desirability of insurance which has the generality, safety, and adequacy of the German methods of private insurance associations organized under state laws, which at once make insurance obligatory on all and provide means for meeting the obligations. But he, like most American business men, with the instinctive feeling that government is a necessary evil, shrinks from state "compulsion," although he clearly sees that nothing short of state requirement will ever guarantee needed protection to all wage-earners. It is the attitude of the typical American. The results of this association are indicated in the report:

TABLE II

Year Ending	Payments	Expenditures	Membership
May 1, 1903.....	\$3,404.18	\$ 2,230.93	972
May 1, 1904.....	5,200.70	3,747.95	1,150
May 1, 1905.....	5,949.80	4,137.00	1,350
May 1, 1906.....	8,486.80	6,309.95	2,275
Total.....	\$23,041.48	\$16,485.83	.....

These figures indicate a steady growth and considerable satisfaction with the administration; perhaps some pressure from the firm.

The Solvay Mutual Benefit Society, Geddes, New York, was organized in 1888, and the by-laws were revised in 1905. The members elect twelve trustees, and these choose the president and vice-president. The treasurer and physician are appointed by the firm and are paid by the society. The society is not responsible for the payment of the services of physicians other than their own. The members must pass a medical examination before being admitted and only employees of the firm are eligible for membership. The admission fee is 90 cents and the monthly dues 30 cents. The employees who earn less than \$5 weekly wages pay half

the rate and receive half the ordinary benefits. The dues and fees are collected by the cashier of the firm who retains the amount from the pay-roll in accordance with a previous agreement. A new member does not receive sick or accident benefits until he has paid dues 90 days. Members who receive over \$5 weekly have during illness or disability to work on account of accident \$6 weekly; others receive only half as much, and the period of payment of benefits is twenty-six weeks. There is no further protection, and nothing is paid in benefits during the first week of disability. A member sick with smallpox is attended by a physician not connected with the society and during his disability is paid his sick benefit. If a member is placed in quarantine he is paid his benefit, but may not permit visits in his house. A member affected by venereal disorders or who is a drunkard is excluded from the benefits. The firm makes no direct contribution to the fund. The death benefit paid to the family is \$100; the husband being paid \$50 for funeral expenses in case of the death of his wife. Benefits cease after twenty-six weeks. The nurse is paid by the society \$1 each night of service. Extra assessments may be levied on members by the vote of two-thirds of the trustees.

The Estey Organ Co. Benefit Association, Brattleboro, Vermont, was organized in 1902. The ordinary yearly dues are \$1 and an assessment of \$1 may be levied. The firm contributes to the fund 20 per cent. of the payments made by the members. The executive committee has three members of whom two are chosen by the employees and one by the firm. A sick benefit of \$1 daily is paid during ten weeks, Sundays excepted. A death benefit of \$60 is paid to the family of a deceased member.

Allis Mutual Aid Society, Milwaukee, Wisconsin. In the introduction to the by-laws we find an explanation which is applicable to all organizations of this kind which are

efforts to escape from charity methods. The founders of this society had for their purpose to furnish aid in time of need without carrying around a begging list, and to give help on the basis of a business contract. The initiation fee is 50 cents, the monthly dues 25 cents, and extra assessments may be levied. Sick benefit, after the first week of illness, is 75 cents daily up to 90 days, and gratuitous medical attendance is furnished. The death benefit is \$100. In the report for April 15, 1901, it was shown that \$4,204.75 had been received from members, \$3,993.93 from the firm, and that \$9,026.56 had been expended.

The Deering Workmen Mutual Benefit Association, Chicago, required an entrance fee of 50 cents, fortnightly dues of 15 cents, and a yearly payment of 10 cents for administration; and also an assessment of 10 cents on the occasion of a death or when the fund falls below \$150. A sick benefit of \$5 after the first week during eight weeks is paid, or longer by special vote of the trustees. The death benefit is \$50.

The Natural Food Co. Relief Association, Niagara Falls, New York, collects weekly dues of 5 and $2\frac{1}{2}$ cents according to wage rate, over or under \$6.50 per week; and the collection is made by deducting the dues from the fortnightly wage payments. The firm contributed as much as the members until the fund reached \$1,000. An assessment of 50 or 25 cents may be levied according to wage class. The entrance fee is 50 cents. The sick benefit is a daily payment of \$1 or 50 cents during twelve weeks, after seven days, Sundays being excepted. The death benefit in the higher wage class is \$75 and in the lower \$37.50.

The Employees' Aid Association of the Moline Plow Co., Moline, Illinois, is a voluntary organization. Money is raised by assessments levied according to demand. Sick benefits are paid for twelve weeks after the first week, and

not more than \$50 death benefit. In the report for the year ending January 2, 1906, it was said there were 513 members, 121 orders on the treasurer, 16 regular and 2 extra assessments, and \$1,865 benefits paid out.

In the Deere & Co. Employees' Association, Moline, Illinois, membership is voluntary; the executive committee is elected by the members who are divided into two classes, the Senior whose wages are over \$7 weekly, and the Junior who receive less than \$7. The entrance fee is 25 cents; the assessment for paying indemnity is 25 or 15 cents. The weekly sick benefit is \$5 or \$3 weekly, after the first week, during twelve weeks; the funeral payment is \$25 or \$15. The report of December 9, 1905, mentions 582 members, 9 payments of funeral benefits, and 100 cases of aid to the sick. The average cost per member was \$3 and the total expenditures for the year \$2,041.80. The firm contributed \$250 to the fund.

Gas Company Mutual Aid Society, New York. Only employees of the corporation under forty-five years of age, after medical examination, can become members. The mortuary fund must be invested either in federal, state, or municipal bonds, or in mortgages. Each member pays an entrance fee for medical examination of \$2, yearly dues of 50 cents for costs of administration, and monthly dues of 50 cents. The death benefit is \$300. If a member leaves the employment of the corporation, he receives back all he has paid into the mortuary fund. There is a Friendly Aid Society of employees whose members pay monthly dues of 30 cents and receive in sickness, after five days, \$6 weekly during twelve weeks.

Osborne Relief Association, Auburn, New York, now a branch of the International Harvester Company. This society of employees was organized in 1878. In the first class, where wages are over \$1 per day, the monthly dues

are 50 cents, while those in the lower wage class pay 25 cents. The weekly benefit in case of illness or disability caused by injury is \$6 during two weeks and afterward \$4 during twelve weeks; only by consent of the executive committee may the sick benefit be granted for a longer period. The death benefit is \$100.¹

The Mutual Aid Society of the McCormick Reaper Factory, Chicago, was organized in 1882. Employees of the firm, between eighteen and forty-five years of age, sound in body and mind, and moral in conduct, are eligible to membership. The entrance fee for new members is ordinarily \$3, but for those over 40 years and under 45 years it is \$5. The quarterly dues are \$1. Fines are imposed on members or officers of the society for the neglect of their duties. Assessments are levied to keep up the fund.

After the second week a weekly sick benefit of \$5 is paid during twenty-six weeks in the same year. A member placed in quarantine is paid his sick benefit. The funeral benefit is \$50. The by-laws are printed in both German and English, as many of the members are Germans. This is a significant fact in many localities, for the Germans generally are aware that in their fatherland the methods of insurance are vastly superior to those in this country, and they are quietly but steadily creating a public sentiment in favor of better plans.

The Garden City Sick Benefit Association of the painters in the Deering Works, Chicago. A new member pays 30 cents for entrance fee and must submit to a medical examination. When a member dies or his wife dies an assessment is levied for the fund. Sick benefits of \$5 are paid during thirteen weeks, unless the cause of the illness is vice

¹ These schemes are to be supplemented by a larger system which will be noticed in chapter vii. They are mentioned here as illustrations of a stage of transition to a better place.

or drunkenness. The funeral benefit in case of the death of a member or a member's wife is \$50, and \$10 are granted for flowers for the funeral.

The Adams & Westlake Employees' Benefit Association, Chicago, was organized in 1888. A representative of the company administers the fund and membership is obligatory on all employees. All new employees must sign a contract as a condition of employment. Here as in some other cases we discover that "compulsory insurance" is not, as some claim, foreign to the American mind, when common-sense shows that it is a condition of efficient working of the plan; but compulsion by employers is apt to be more unfair than compulsion by law. The entrance fee in this association is 50 cents, or 25 cents for the lower wage class; the dividing line between the two classes being the rate of more or less than $12\frac{1}{2}$ cents per hour. The monthly dues are 25 or 15 cents; the weekly sick benefit is \$6 or \$3.90, after the first week, during three weeks; and the death benefit is \$50 or \$30. The report for the year ending December 31, 1905, shows receipts, including \$150 from the company, of \$1,976. The expenditures were in ninety-six cases of sickness and two of death, \$1,363.00. In 1906 the receipts were doubled.

The Silversmiths' Beneficial Society, Providence, Rhode Island, was organized by the employees of the Gorham Manufacturing Co. in 1889. The administration is conducted by elected representatives of the membership. The physician receives \$2 annually from each member, payable quarterly from the fund. The monthly dues are \$1; the weekly sick benefit, during the first week, is \$5 and during the following thirteen weeks \$10, then during twelve weeks it is \$5. The treasury pays the fees for surgical or medical treatment. At the end of the year all the money in the treasury is divided among the members. The membership reported was 397, and the expenditures during 1905 were

\$2,397. The Silversmiths' Mutual Aid Society was organized in 1865, has 670 members, and paid out in 1905, \$6,112. The weekly dues are 20 or 12 cents according to wage class; sick benefits, \$4 for the first week, \$8 during thirteen weeks, and then \$4 during disability. The death benefit paid is \$40. In the second class half the rate of benefits prevails. The Gorham Manufacturing Company does not contribute to the fund of the association, but has its own pension fund.

The Elgin National Watch Co. Employees' Aid Fund, Elgin, Illinois. The object of this society is to provide sick, accident, and death benefits for employees of the company. The managers have an agreement with the society under which the company pays about \$5,000 each year to the fund, or about half the amount paid by the employees. Membership is voluntary, and the management rests with officers elected by the society itself. The men pay 25 cents and the women 15 cents monthly dues, and these dues are collected by the cashier of the firm by deductions from the pay-roll in accordance with the contract. The benefit paid after the first week during six months is \$1 per day, and for women 60 cents; the death benefit is \$50. The reserve fund may not fall below \$3,000 nor rise above \$5,000.

Quite similar arrangements are found among the employees of the Atlas Works, Indianapolis, Indiana, and of T. B. Laycock Manufacturing Co., in the same city, and with the National Cash Register Co., of Dayton, Ohio, and Halle Bros., Cleveland, Ohio. Indeed, only a thorough investigation by the agents of the national government can adequately present the statistics of the numerous associations of this kind found in all parts of the nation.

Some of the street railway companies favor and aid the mutual benefit associations of their employees, although these societies have an independent and self-supporting

existence. Thus there is the Chicago City Railway Employees' Mutual Aid Association, which was organized September 26, 1894. Any employee of the corporation may become a member after medical examination and payment of an entrance fee, if under fifty years of age. Any member may continue to retain his claim for benefits after leaving the employment of the company if he pays his dues, but he is not permitted to become a bartender or saloon-keeper. Any member who drinks alcoholic liquors to excess is first warned, and if he persists is expelled. The society elects directors and they choose the president, vice-president, and medical examiner. The dues are 50 cents a year and assessments are levied to cover the expenditures. The contributions are collected by the cashier of the company who deducts the amounts from wage payments and pays over the amount to the treasurer of the society. The death benefit is \$500, whether the cause of death is accident or sickness.

Defects and limitations of the local mutual aid associations.—The principal evil in connection with these voluntary local societies is that they are generally organized and administered without the aid of competent actuaries and are utterly without scientific foundations. A new society copies the by-laws of an older society without any kind of understanding of the probable outcome of the plan. The state, which is just now so solicitous for the life insurance arrangements of rich insurers who are able to take care of their own interests, totally neglects these obscure, but well-meaning, insurance societies of the workingmen. For this reason many of the local societies are deprived of that scientific guidance which they so greatly need in order to make them safe and economical, and adapt their tariffs to age, sex, and conditions of employment. Usually the officers of the societies are honest, and even if they were thieves

there would not be much to steal; at best they are without business knowledge and without acquaintance with actuarial requirements. Membership is purely voluntary in most cases, and the claims of members rest on no legal protection. There is no bond of connection, no federation, no system covering a large territory. An epidemic which prevails in a shop or neighborhood destroys the fund when it is most needed. If the officers are untrue to their trust they can be reached only through a tedious process, and it is cheaper to let them run away. The local society is, in respect to the state, an independent organization, not a part of a great body in which the union of members makes each secure. If a member moves from one place to another, he loses his insurance and all his rights. It is sometimes argued that we cannot have state insurance in the United States because our working population is so mobile; a moment's reflection will turn this fact into an unanswerable argument for compulsory insurance on the widest scale possible. Just because the wage-earners are so fond of going from place to place, just because they are forced by the rapid fluctuations and changes in industry to pass from employer to employer, is a general system desirable and even necessary to genuine insurance. No doubt these societies are serving a good purpose in slightly mitigating the sufferings of families in distress; they are a little better than taking up collections; but they remain still on the borderland of charity, with much of the injustice, hardship, and uncertainty of dependence on gifts. Their best permanent service is to educate the nation to a sense of obligation to provide an adequate system of insurance for all citizens.

There is positive injustice in the arrangement whenever the burden of accident insurance is thrown on these local shop associations without substantial contributions of at least half the cost from the employers; for in such arrange-

ments the modern principle of *risque professionnel* is completely ignored, and the workmen are compelled to bear unaided the cost of production which arises from injuries due to the industry.

Thus far neither employers nor workmen in this country have given much consideration to this aspect of the situation, and therefore the moral sense has not been wounded. But in no other great nation has this principle been so thoroughly set at naught as with us where the risks are greatest. It is altogether incredible that this injustice will long remain hidden, and the discussions of the last years have placed it in clearer light than ever before in our history.

It is to be hoped that the noble revelation of Miss Jane Addams will speedily help to work the cure of the disease which she describes:

In a Republic founded upon a revulsion from oppressive government we still keep the police close to their negative rôle of preserving order and arresting the criminal. The varied functions they perform in Germany would be impossible in America, because it would be hotly resented by the American business man who will not brook any governmental interference in industrial affairs. The inherited instinct that government is naturally oppressive, and that its inroads must be checked, has made it a matter of principle and patriotism to keep the functions of government more restricted and more military than has become true in military countries.

And then she pleads for the union of local pride in associated effort for the common good with patriotism itself and describes the genuine joy of immigrants in their societies of insurance, imperfect as we have seen they are.

Almost every Sunday in the Italian quarter in which I live various mutual benefit societies march with fife and drum and with a brave showing of banners, celebrating their achievement in having surrounded themselves by at least a thin wall of protection against disaster, upon having set up their mutual good will against the day of misfortune. These parades have all the emblems of patriotism; indeed, the associations present the primitive core of patriotism, brothers standing by

each other against hostile forces from without. I assure you that no Fourth of July celebration, no rejoicing over the birth of an heir to the Italian throne, equals in heartiness and sincerity these simple celebrations. Again one longs to pour into the government of their adopted country all this affection and zeal, this real patriotism. A system of State insurance would be a very simple device and secure a large return.²

The state might well accept this genuine product of elementary patriotism, these little groups of brave pioneers, adopt their societies into a great and powerful system covering the land, and at the same time retain all the advantages of self-government in small societies in which men gain their best preparation for participation in the larger affairs of political action.

² *Newer Ideals of Peace*, pp. 90, 91.

CHAPTER III

BENEFIT FEATURES OF THE TRADE-UNIONS

In the United States, according to a recent list, there are in affiliation with the American Federation of Labor 113 national and international unions, organized in 28,681 lodges or local unions. The total membership was estimated at 1,500,000, but this estimate was not based on reliable statistics, and it is well known that the number of members fluctuates, sometimes rapidly, with changes in economic conditions. The accompanying table represents the names of the unions, their membership, and their total expenditures for various kinds of insurance for the year 1905.¹

American Federation of Labor (local organizations).....	28,600
Actors' National Protective Union of America.....	1,100
Bakery and Confectionery Workers' International Union of America	12,000
Barbers' International Union, Journeymen.....	22,700
Bill Posters and Billers of America, National Alliance.....	1,400
Blacksmiths' International Brotherhood.....	10,000
Blast Furnace Workers and Smelters of America.....	1,500
Boiler Makers and Iron Ship Builders of America.....	13,400
Bookbinders' International Brotherhood.....	6,600
Boot and Shoe Workers' Union.....	32,000
Brewery Workmen, International Union of.....	34,000
Brick, Tile and Terra-Cotta Workers' Alliance, International	
Bridge and Structural Iron Workers, International Association of.....	4,100
Broom and Whisk Makers' Union, International.....	10,000
Brushmakers' Union, International.....	1,000
Building Employees of America (in January, 1904, 800)....	700
Cap Makers of North America, United Cloth Hat and.....	2,600
Carpenters and Joiners of America, United Brotherhood of..	143,200

¹ *Bulletin of the Department of Labor* (New York, 1906), p. 110; *Chicago Daily News Almanac*, 1906, pp. 114-16.

Carpenters and Joiners, Amalgamated Society of.....	4,800
Carriage and Wagon Workers, International.....	3,200
Car Workers, International Association of.....	5,000
Cement Workers, American Brotherhood of.....	3,600
Chainmakers' National Union of the United States of America	600
Cigarmakers' International Union of America.....	41,400
Clerks' International Protective Association, Retail.....	50,000
Clerks, International Association of Railway (in January, 1904, 600).....	
Compressed Air Workers, International Union.....	1,200
Coopers' International Union of North America.....	5,600
Curtain Operatives of America, Amalgamated Lace.....	700
Cutting Die and Cutter Makers' International Union.....	300
Electrical Workers of America, International Brotherhood..	21,000
Elevator Constructors.....	2,200
Engineers' International Union, Steam.....	17,500
Expressmen, Brotherhood of Railway (in January, 1904, 300)	
Firemen, Stationary.....	12,200
Flour and Cereal Mill Employees.....	900
Foundry Employees.....	1,000
Freight Handlers and Warehousemen's Union.....	3,400
Fur Workers.....	400
Garment Workers of America.....	31,900
Garment Workers' Union, Ladies'.....	1,800
Glass Bottle Blowers' Association.....	7,000
Glass House Employees.....	200
Glass Snappers' Protective Association, Window.....	1,200
Glove Workers' Union.....	1,100
Gold Beaters' Protective Union.....	300
Granite Cutters' National Union.....	10,300
Hatters of North America, United.....	8,500
Hod Carriers' and Building Laborers' Union.....	4,700
Horseshoers' Union, Journeymen.....	4,200
Hotel and Restaurant Employees' Alliance and Bartenders' League	38,700
Insulators and Asbestos Workers.....	300
Iron, Steel and Tin Workers, Amalgamated Association of..	10,000
Jewelry Workers' Union.....	700
Knife Grinders' Union Table.....	300
Knife Blade Grinders' and Finishers' Union, Pocket.....	200

Lathers' International Union, Wood, Wire, and Metal.....	4,300
Laundry Workers' Union, Shirt, Waist and.....	4,600
Leather Workers on Horse Goods.....	4,000
Leather Workers' Union, Amalgamated.....	1,000
Longshoremen's Association	47,800
Machinists, International Association of.....	48,500
Maintenance-of-Way Employees, International Brotherhood of	12,000
Marble Workers' Association.....	1,900
Mattress Spring and Bedding Workers' Union.....	1,500
Meat Cutters and Butcher Workmen.....	6,200
Metal Polishers, Buffers, Platers and Brass Workers.....	10,300
Mine Managers and Assistants' Mutual Aid Association.....	400
Mine Workers of America, United.....	261,900
Molders' Union, Iron.....	30,000
Musicians, Federation of.....	30,800
Oil and Gas Well Workers.....	400
Painters, Decorators and Paperhangers, Brotherhood of....	54,200
Paper Box, Bag and Novelty Workers' Union.....	900
Paper Makers, United Brotherhood of.....	5,000
Pattern Makers' League.....	3,600
Pavers and Rammermen, Union of.....	1,000
Paving Cutters' Union.....	1,300
Photo-Engravers' Union.....	2,200
Piano and Organ Workers' Union.....	9,000
Plumbers, Gas Fitters, Steam Fitters, Helpers' Association...	15,000
Potters, Operative.....	5,600
Powder and High Explosive Workers.....	500
Print Cutters' Association.....	400
Printers and Color Mixers, Association of Machine.....	400
Printers' Association, Machine Textile.....	400
Printers' Union, Steel and Copperplate.....	1,100
Printers' Association.....	200
Printing Pressmen's Union.....	17,000
Roofers' Union, Slate and Tile.....	600
Quarry Workers' Union.....	3,600
Rubber Workers' Union.....	100
Sawsmiths' Union.....	300
Seaman's Union.....	19,500
Sheet Metal Workers' Union.....	13,000
Shingle Weavers' Union.....	1,600

Shipwrights, Joiners, and Calkers.....	2,400
Slate Workers.....	900
Spinners' Cotton Mule Union.....	2,200
Stage Employees' Alliance, Theatrical.....	5,500
Stereotypers' and Electrotypers' Union.....	2,800
Stove Mounters' Union.....	1,500
Street and Electric Railway Employees' Association.....	30,000
Tack Makers' Union.....	200
Tailors' Union, Journeymen.....	16,000
Teamsters' Brotherhood.....	78,300
Telegraphers, Order of Railroad.....	15,000
Telegraphers' Union, Commercial.....	2,000
Textile Workers, United.....	10,000
Tile Layers and Helpers' Union, Ceramic, Mosaic and Encaustic	1,400
Tin Plate Workers' Protective Association.....	1,400
Tobacco Workers' Union.....	5,400
Travelers' Goods and Leather Novelty Workers' Union.....	1,300
Typographical Union.....	46,700
Upholsterers' Union.....	2,800
Watch Case Engravers' Association.....	300
Weavers' Association, Elastic Goring.....	100
Wire Weavers' Protective Association.....	300
Wood Carvers' Association.....	1,600
Woodsmen and Saw-Mill Workers' Brotherhood.....	1,100
Wood Workers' Union, Amalgamated.....	20,000
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Total membership.....	1,494,300

During the year 1905 the national unions of the American Federation of Labor paid out in benefits as follows:

Death benefits.....	\$ 742,421.23
Death benefits (widows).....	24,800.00
Sick benefits.....	582,874.13
Traveling expenses.....	62,989.71
Insurance of tools.....	5,180.41
Out-of-work benefits.....	85,050.72
<hr/>	
Total	\$1,503,316.20

But these figures do not by any means represent the

expenditures and services of the unions, because the local lodges assist with their funds and care, very often without reporting to or acting through the national officers. Of much of this kind of service we have no records.

Accident insurance of the trade-unions.—A few examples of methods described in the letters from secretaries and in the annual reports and by-laws will serve to explain the working of this kind of insurance in the unions. The Amalgamated Society of Carpenters and Joiners pays a lump sum of \$700 in case of complete disability, and from \$175 to \$350 in case of partial disability. From the year 1860 to 1904 this organization paid out in accident-insurance benefits \$335,825. The Cigarmakers' Union pays a lump sum when a member has become blind or lost both hands. The Iron Moulders' Union pays to the partially disabled workman from \$100 to \$200, and to the totally disabled member a sum which is determined by the administrators of the fund according to circumstances. In the Amalgamated Association of Street and Electric Railway Employees the injured member receives \$100. The International Brotherhood of Maintenance-of-Way Employees pays in case of total disability from \$500 to \$1,000. The Amalgamated Glass Workers pay in case of permanent disability from \$75 to \$100. So far as we can draw conclusions from correspondence with the unions in affiliation with the American Federation of Labor, it must be said that they have rarely achieved important results in the field of accident insurance. The tables of statistics furnish, it is true, only a part of the facts; perhaps a considerable part of the expenditures credited to sickness insurance and death benefits is really accident insurance. Disability for labor, prolonged illness, and death are not infrequently the results of accidents of occupations or of other causes. There are some special reasons for the reluctance of the unions to take

up accident insurance. It seems probable that many members of the unions hesitate to pay premiums into a common treasury for this purpose, for fear the money might be expended upon strikes. Further, the traditional law of employers' liability has educated the workmen to expect their protection from the awards of courts. This hope is generally illusory; but the occasional enormous awards awaken a gambling instinct in thousands of persons where only one will receive substantial indemnity by prosecuting the employer. The workmen in certain dangerous occupations, especially some of the railway employees, enjoy the protection of the relief departments as well as of their union benefits. Well-paid workmen in dangerous trades can secure accident insurance by paying relatively high premiums in casualty companies, or they can make special contracts with private hospitals to furnish medical care during illness, a frequent rate of payment being \$10 to \$12 a year for assurance of such relief in hospital or at home. In certain localities the employers have become accustomed to paying the costs of medical care, and at least part of the wages, when the accident was due to mishap in the industry itself. All these causes co-operate to diminish the interest of workmen in their union accident benefit, and they are much more likely now than in former years to regard the organization of such insurance as a duty to be laid upon the business which causes the risks. The doctrine of *risque professionnel* is very rapidly gaining adherents in this country.

Sickness insurance of the unions.—If we turn to sickness insurance, we are upon ground where the local unions are found to be admirable organs of administration. The members of a lodge are exposed to similar risks, they resemble each other in physical nature, they know each other's habits, they are able to detect imposture and to manage the simple affairs of a form of insurance which does not

require heavy reserves and large investments of funds. Therefore it is that there are very few organizations for sick insurance directly by national trade-unions, but very many among the local lodges of the national bodies. At the same time we have not adequate statistics of the extent of this insurance, because the lodges are not required, as a rule, to report their work in this field to the central office. Sometimes we read in the reports and correspondence the statement that the members of the unions seek their sick insurance in the fraternal societies which are to some extent in rivalry with the unions. The members of a union in this country have been taught by circumstances and by discussions to regard their trade organization as militant, as an army to wrest concessions from employers in relation to wages, hours, and conditions of employment, while the more pacific and constant needs of sociability and provident thrift may be met in other ways. In new unions the leaders find it very difficult to induce members to set the dues high enough to cover more than the bare costs of administration and war. Our unions have not been so long established as those of Great Britain, and have not yet settled down as permanent organizations with varied ends; and their fluctuating membership composed of men of all nationalities, have only imperfectly learned as yet how to trust each other and maintain large funds under the control of leaders who sometimes betray them. Many of the members of unions are connected with powerful church orders, whose funds furnish means in sickness and brotherly attention in trouble. After making deductions for all these reasons, there still remains a very important work of sickness insurance in the hands of the lodges of trade-unions. Of these we may cite certain typical examples, although complete records are not available.

In the United Brotherhood of Carpenters and Joiners

sick benefits are provided by local lodges without interference from the national officers. The International Association of Machinists reports 200 lodges, and during the year 1905 they paid out in sick benefits the sum of \$26,617.43. Some of the lodges of the Carriage and Wagon Workers' International Union have a sick-benefit feature, but this is not general in this organization. Very peculiar and interesting is the method of Union No. 144 of the Cigarmakers' Union in the city of New York. The members pay monthly dues of 25 cents, and one who is disabled by illness is paid \$5 a week during 13 weeks. If a surplus remains in the treasury after paying benefits, it is divided at Christmas among the members. The union is composed of auxiliary associations, each having from 25 to 30 members. In the Amalgamated Society of Carpenters and Joiners the sick benefit is \$4.20 weekly for 26 weeks, and afterward \$2.10 per week; the younger members pay half-rates and receive half-benefits. The entire sum expended for sick insurance during the years 1860 to 1904 was \$3,446,465, and in addition to this \$233,170 were expended in special relief. The Iron Moulders' Union of North America designates 8 cents of the weekly contribution of each member to the sick-benefit fund, and out of this fund a sick member receives \$5.25 per week after the first week during 13 weeks. The United Association of Journeymen Plumbers, Gas Fitters, Steam Fitters' Helpers pays weekly benefits of \$5 for 13 weeks, after 7 days. The Tailors' Union pays the men in case of illness \$4 a week, and the women \$3. In the year 1904 the 61 divisions of the Amalgamated Association of Street and Electric Railway Employees of America paid out \$20,002.73, the rates of benefits ranging from \$2 to \$7 weekly. The Journeymen Barbers receive \$5 weekly during 20 weeks. The Tobacco Workers have a sick benefit of \$3 weekly for 13 weeks, after 7 days, on condition that

the person at the time of illness has already paid contributions during 6 months. The Boot and Shoe Workers' Union pays \$5 weekly for 13 weeks after 7 days.

Old-age and invalidism insurance.—While the direct provision for old-age insurance is rare among the trade-unions, it is probable that other benefits occasionally cover the wants of members who are too feeble or aged to work steadily. It is just this class of members who would be most severely tempted to work for lower than union rates of wages if they were not protected by benefits. The Cigarmakers' Union expends a great deal of money on out-of-work benefits, and the managers of this fund inform us that a large number of the recipients of this relief are infirm persons who cannot earn the average wages, and that many of these are advanced in years. Here we have the beginnings of old-age pensions concealed under other forms of insurance. The Granite Cutters' Association has begun to organize its old-age pension fund. The Fraternal Association of Machinists has approved a system under which it is proposed to pay to a member on reaching the age of 65 years the sum of \$500, if he has already paid dues as member during 10 years. But the money for establishing the scheme was not in hand at last report. The United Association of Journeymen Plumbers offers an old-age pension of \$300 after a person has been a member for 20 years, of \$400 after 25 years, and of \$500 after 30 years. The Amalgamated Association of Street and Electric Railway Employees accepted a plan in 1905 according to which any member over 65 years of age would receive from \$1 to \$3 per day; but the fund is not yet provided. The Amalgamated Society of Carpenters and Joiners pays to the aged member weekly from \$2.45 to \$2.80. This union has thus paid, during the years 1860 to 1904 the sum of \$1,273,915. The Amalgamated Society of Engineers, a union of Eng-

lish origin, pays old-age pensions. The Pattern Makers' League of North America has adopted the plan of paying old-age pensions after the year 1920.

A diligent and extended correspondence has thus far revealed only the feeble beginnings of care for old age and for permanent invalids. So far as the past gives evidence, we must look in an entirely different direction for this form of protection; although under suitable legal conditions the machinery of the unions may become useful in building up a system of old-age pensions.

Death benefits.—In the field of so-called "life-insurance," or, more properly, the provision for burial benefits and some moderate fund for widows, the trade-unions have been most successful. Usually the effort does not go beyond securing money for the expenses of the last illness and the burial expenses, and in this the success has been worthy of mention; for many thousand families have been spared the misery of depending on alms at such trying times in their history. In most of the unions a lump sum, which rarely exceeds \$100, is paid on the death of a member; but in some of the stronger unions, whose members enjoy high wages, the benefit is larger.

The International Shingle Weavers' Union requires monthly dues of 40 cents per member, and the death benefit is \$75. The United Brotherhood of Carpenters and Joiners pays \$100 to \$200 at the death of a member, and \$25 to \$50 in case of the death of the wife of a member. There is a class of members called "semi-beneficiary" who receive \$50 funeral benefit. The monthly dues of the Granite Cutters are \$1, and the death benefit varies according to classes of members. The union of Wood, Wire and Metal Lathers pays a funeral benefit of \$50 to \$100. In the city of Chicago the local lodges of the Elevator Constructors pay a funeral benefit of \$120, which they raise by means of an

assessment. The union of Bridge and Structural Iron Workers collects monthly dues of 35 cents, and pays a death benefit to the family of \$100. The Slate and Tile Roofers, with monthly dues of 13 cents, pay \$100 death benefit. The Amalgamated Society of Carpenters and Joiners pays \$84 on the occasion of death of a member, and \$35 at the death of the wife of a member. During the years 1860 to 1904 this union paid out in death benefits \$617,905. The Association of Machinists pays from \$50 to \$200. The members of the Stove Mounters and Steel Range Workers pay monthly dues of 5 cents, and also an assessment at the death of a member; but under this plan the promised death benefit of \$100 is not entirely covered. The death benefit in the National Amalgamated Association of Iron and Steel and Tin Workers amounts to \$100; the contributions are 10 cents, paid quarterly, and a general fund is maintained. The members of the union of Iron Moulders pay 10 cents weekly into a fund and 16 per cent. of the proceeds is set apart for the death-benefit fund, and the family receives according to graded scale from \$100 to \$200. The Metal Polishers, Buffers, Platers, Brass Moulders, and Brass and Silver Workers pay \$50 to \$100 death-benefit fund, and the family receives according to graded scale. Some of the local lodges of the Carriage and Wagon Workers' Union pay death benefits, but not the majority of them. The Journeymen Plumbers, Gas Fitters, Steam Fitters and Steam Fitters' Helpers pay \$100 death benefits, and the same sum is paid by the Elastic Goring Weavers and the Electrical Workers. At a cost of 70 to 74 cents' annual contribution from each member the Journeymen Tailors are able to pay a death benefit of \$25 to \$100. Some of the local lodges of the United Garment Workers pay funeral benefits. The members of the Amalgamated Association of Street and Electric Railway Employees contribute 5

cents monthly dues, and a funeral benefit of \$100 is paid the family of a deceased person. During the year 1904 the expenditures of 22 local unions for death benefits in 152 cases were \$6,949.25, and of the national organization \$15,850. The monthly dues in the International Brotherhood of Maintenance-of-Way Employees are 50, 60, 75 cents, according to age, and the life-insurance policy promises \$500. The Photo-Engravers' Union, which has few members, paid out during the year 1905 to 11 families \$825 in death benefits. The members of the Alliance of Theatrical Stage Employees pay yearly premiums of \$3, and in case of a death the family receives \$100. The Watch Engravers' Association pays a benefit not to exceed \$75, which is raised by levying an assessment of 50 cents after each death. A small sum for funeral expenses is paid by local lodges of the National Print Cutters' Association. The monthly dues in the International Typographical Union are $7\frac{1}{2}$ cents, and the local lodges pay \$70 funeral expenses. In the year 1905 this union paid out \$39,690, and since 1892 in all \$367,995. The death-rate is said to be 12 per thousand. Most of the local lodges of the Coopers' International Union pay funeral expenses. The Glass Workers' Association take out of their common fund \$50 to \$75 for funeral expenses; during the year 1905 there were 9 deaths, and the sum expended was \$600. The death benefits in the union of Piano, Organ, and Musical Instrument Workers are \$50, \$100, or \$200, according to class. The members of the Amalgamated Meat Cutters' and Butcher Workmen's Union pay monthly dues of 5 cents, and the death benefits are \$50 to \$100. The Journeymen Barbers expend for a funeral or for life insurance \$60 to \$500. The funds of the Bakery and Confectionery Workers are raised by monthly dues of 50 cents and by levying occasional assessments. At the death of a member the widow receives \$50 to \$150, and

at the death of the wife of a member he receives \$25, \$50, or \$75, according to class. The weekly dues of the Brotherhood of Leather Workers on Horse Goods are 25 cents, and twice in the year an assessment of 50 cents is levied; the death benefit varies between \$40 and \$100. Local lodges of the Federation of Musicians pay for funeral benefits from \$25 upward. The Hotel and Restaurant Employees and Bartenders pay 5 cents monthly dues, and the death benefit is \$50 to \$100. Between February 23, 1903, and May 1, 1905, this union paid out \$48,650 for death benefits. The Tobacco Workers' Union pays \$50, and the Paving Cutters' Union \$75. Each member of the Boot and Shoe Workmen pays 50 cents into the fund at the death of a member. The death benefit is from \$50 to \$100. In the year 1905 the expenditures were \$16,175.

The union of cigarmakers deserves special attention in this connection because its organization and success have been so remarkable. This union was founded in 1864, and its insurance scheme was introduced in 1879. Its record and statistical reports during the past 26 years have been carefully kept, and its presentation of results is complete and accurate. Between the years 1865 and 1904 the number of members rose from 984 to 41,536. The union is built up out of local lodges, all of which recognize the international union and send elected delegates to the general conventions of the national organization. Even the officers of the international society are elected by a majority of votes of members. Any cigarmaker may belong to the union, with the exception of Chinese laborers and working men or women in tenement-house shops. An applicant for membership is received upon his own statement after payment of an entrance fee. Applicants who are suffering from chronic diseases, or who are more than fifty years of age, may be received into membership and pay 15 cents weekly dues,

but are not entitled to sick benefits nor to more than \$50 death benefits. Only a minority of cigarmakers are members of the union, and therefore the insurance plan does not protect the greater number engaged in this trade. The entrance fee is \$3, which may be paid in 6 weekly instalments. The regular dues are 30 cents a week, which is paid into the treasury of the local lodges. A member may be excused from payment of dues for 16 weeks of unemployment, but must repay the amount in arrears after he secures employment. A member who has paid dues for 3 years can receive a card, by means of which he is authorized, by paying 20 cents weekly dues, to retain his claim to sick and death benefits, even if he is no longer in the trade. The benefits are as follows: In case of a strike or lockout the unemployed workman receives during the first 16 weeks \$5 per week, and afterward \$3 per week until employment is resumed. In case a member is compelled to seek work in a distant place he may obtain an advance of \$8 to \$20 to cover expenses of travel. When he secures employment he must begin at once to repay the loan in instalments of at least 10 per cent. of the amount. A member who for 2 years has paid his dues is entitled to receive during unemployment \$3 weekly during 6 weeks; after a suspension of payment for 7 weeks he may again receive the same sum for another 6 weeks. Not more than \$54 in one year may thus be received. Every regular member who has paid his dues for an entire year has the right to receive \$5 weekly during the time of disability on account of sickness. During the first week nothing is paid, and when the sickness is due to drunkenness or vice all claim is forfeited. Sick benefits are paid only upon the certificate of the physician that the member is unable to work, and only for 13 weeks in any one year. A committee of the lodge visits the disabled member

TABLE I
BENEFITS PAID BY THE CIGARMAKERS' INTERNATIONAL UNION OF AMERICA IN TWENTY-SEVEN YEARS AND TWO MONTHS
(*From the Cigarmakers' Official Journal*)

Total hours spent writing - 600

* The weekly dues were 10c. † The weekly dues

*Grand total benefit paid in twenty-seven years and two months, \$7,131.3
ere 200. The weekly dues were 25c. The weekly dues were 25c.*

in his home and establishes the fact of his illness. Women who are members are not permitted to draw sick benefits 3 weeks before and 5 weeks after confinement.

Death benefits are paid after the death of a member who has paid dues for 2 years to the family or person who provides for the funeral, to the amount of \$50 for the expenses of burial; but the entire life insurance payable, including this \$50, is fixed by classes, according to the period during which dues have been paid: (1) members of 5 years' standing, \$200; (2) members of 10 years' standing, \$350; (3) members of 15 years' standing, \$550. The member may designate the beneficiary who is to receive the death benefit. A member may receive funeral benefit in case of the death of wife, or mother who is dependent on him. A person who has been a member for 15 years may keep his claim to death benefit alive by paying monthly dues of 10 cents, by quarterly instalments, after he has become disabled for work.

The beginnings of invalid insurance are found in this system. A member who has become blind, or who has lost both hands, is entitled to receive a lump sum as large as his family might receive if he had died at the same time. Upon receiving such payment the person loses his membership and his claims. In case the illness or death is caused by military service the benefit is not paid; nor is there need, as the government pension then makes further insurance unnecessary. The union has also considered and worked out a plan of old-age pensions; and it is thought that an addition to the weekly dues of 10 cents would cover the cost of such insurance. The indemnity for the loss of time through unemployment is, as already explained, frequently a kind of old-age pension; because most of the members who are continuously out of work are old and feeble, and

a payment of \$3 weekly during a part of the year prevents the necessity of appealing to public or private charity.²

Mr. A. M. Sakolski has described the organization and activities of the strong Iron Moulders' Union of North America with great care, and has given an excellent account of its development and administration. This union was organized in the year 1859. Before 1895 its sick-benefit department was left entirely with the local unions, and the administration in some of the lodges was quite successful. But this form of organization, natural in primitive stages of growth, proved to be unsatisfactory. In a country like the United States, where the workmen either voluntarily or necessarily move very much from place to place, the local system is found to work badly; a member who goes into a new city may find himself in need of help during the first weeks of his stay, and he may not have acquired right to relief at that moment, or there may be no lodge with sick-relief features in his new home. The General Convention in 1895³ adopted a rule according to which any member disabled by accident or sickness may receive a weekly benefit of \$5 after the first week and during 13 weeks. A member who has paid dues for 6 consecutive weeks and is not in debt for dues of more than 13 weeks has claim upon this relief. The weekly dues are 25 cents, out of which amount the local lodge retains 8 cents on deposit, and transmits the remainder to the national treasury to cover costs of strikes and of administration. Any surplus of the local treasury is sent to the national treasury, and from the central fund relief is given to local lodges which may be

² REFERENCES: *Constitution of the Cigarmakers' Union*, 14th edition. Report of 1906; Helen L. Summer, in *Trade Unionism and Labor Problems*, John R. Commons, editor, p. 527; *Report of Industrial Commission*, Vol. XVII, p. 280; *Cigarmakers' Official Journal*; Hollander and Barnett, *Studies in American Trade Unionism*, p. 66.

³ *Constitution and Rules*, Art. 17, sec. 1.

unable to meet extraordinary claims on the sick fund. Thus each lodge has behind it the strength of the entire national body. The system has worked admirably. Since the first of January, 1896, at which date sick insurance was first introduced, the expenditures have been as shown in the table:

TABLE II

Year	Membership	Sick Benefits
1896.....	20,920	\$ 38,510.00
1897.....	23,003	36,720.00
1898.....	25,072	37,710.00
1899.....	28,941	57,495.00
1900.....	41,189	102,936.00
1901.....	48,115	118,515.00
1902.....	54,251	134,116.00
1903.....	64,472	179,355.00
1904.....	76,416	193,214.25

One part of the experiment is so important and significant that it deserves special remark. The winter of 1904 was very cold, and the iron industry was temporarily depressed. The number of members who resorted to the sick benefit fund for relief was unusually large. The official organ of the union⁴ explained this fact by saying that these payments were more generally due to unemployment than to actual illness which incapacitated members for work, and that it was a consequence of the depression in the industry. It is possible that idleness may cause sickness in many instances, though this subject has not been thoroughly studied.

The provisions for unemployment are worthy of mention. The actual cost of the sick insurance is about 6 cents per member per week for the entire membership of the national union, the benefit being \$5 per week. The weekly dues of 8 cents per member therefore leave a surplus in the national treasury. In 1897 the general convention voted

⁴ *Journal*, August, 1904, p. 590.

to set apart 1 cent of this surplus from the dues to pay the dues of members who happen to be out of work. Between the year 1897 (October 1) to the end of 1900 the total expenditures for dues of unemployed members amounted to the sum of \$6,577.38, from which fact it is apparent that fewer than 500 members were unemployed. Since the year 1900 conditions have been even more favorable. Yet a few years of industrial depression would exhaust a very large reserve fund.

The union provides life insurance, and indemnity in case of total disability. The death benefits and the indemnities for total disability vary with the duration of membership in the union. A member who has paid dues during 5 to 10 years is able to claim a death benefit or indemnity for total disability of \$150. When membership has continued for 10 to 15 years the sum is fixed at \$175, and after 15 years at \$200. The monthly dues for this fund are 6.4 cents per member, and deficits are avoided by devoting to this fund the entrance fees of new members, \$2 each.

TABLE III

Years	Receipts	Expenditures	Monthly Dues
1880-82.....	\$ 16,597.00	\$12,000.00	\$0.07 1-2
1882-86.....	32,429.92	32,400.00	0.07 1-2
1886-88.....	22,182.01	16,350.50	0.10
1888-90.....	20,988.05	21,910.00	0.08
1890-95.....	54,179.19	58,512.90	0.64
1895-99.....	54,631.56	40,499.00	0.64 (and \$2 en-
1899-02.....	111,916.13	75,631.36	trance fee)

The expenditures for strikes during the 3 years 1899-1902 were \$111,571.22; for the organization of new local unions and the general work of propagandism, \$16,000 annually; for the expenses of the general convention in the year 1902, \$50,670.72. The general convention meets once in three years. The financier of the national union receives from the local secretaries monthly reports containing the

names of all contributing members, the amount of each payment for sick benefits, and the condition of the treasury. The account of each member is kept on a separate card. A physician is appointed to examine the applicant and give a certificate—a measure employed to assure the union that deception is not practiced. In order to insure the funds against fraud, all officials intrusted with handling funds must give bonds which cover the risk to the organization. The union was driven to adopt these measures because it had learned, by the bitter experience with dishonest officials in former years, that they are necessary. The method of keeping accounts is uniform in all lodges, and the national office supervises and controls the entire proceeding. During the year 1904 the Iron Moulders' Union paid for strikes \$266,283.43; sick benefits, \$198,214.25; death benefits and indemnity for total disability, \$53,786.40; costs of administration, \$74,586.97; entire expenditures, \$592,871.05.

In general we may cite the expression of Mr. Samuel Gompers as typical of the convictions of the leaders of the unions affiliated with the American Federation of Labor. He said substantially that he deemed it his duty to urge upon the unions to make themselves useful to the members, not only in securing higher wages and better conditions of hours and work-places, but also by furnishing relief in times of distress of members. The first condition of such a measure would be that the dues should be increased. There is no good reason why the union should not, in addition to protection of trade interests, secure to the workers support in time of sickness, unemployment, old age, and invalidism.⁵

Unions of the railroad employees.—These unions do not belong to the American Federation of Labor. There are

⁵ Quoted from a speech in 1905 in *Die bestehenden Einrichtungen zur Versicherung gegen die Folgen der Arbeitslosigkeit im Ausland und im Deutschen Reich*, Part I, p. 357.

seven of these brotherhoods, of which five consist of workmen engaged directly in the dangerous labors of train service. The following table presents a summary of the facts relating to these organizations:

TABLE IV

Organization	Membership	Payments (1905)	Number of Payments
Conductors.....	36,000	\$ 825,000	423
Engineers.....	47,000	1,327,500	594
Firemen.....	55,287	810,250	...
Switchmen.....	23,000	154,200	151
Brakemen.....	74,539	1,545,236	1,154*
Total.....	235,826	\$4,662,186	...

* The number of payments by the brakemen is one-half the total for the two years 1903 and 1904.

From the year 1868 to 1905 the Locomotive Engineers' Mutual Life and Accident Insurance Association paid out for 6,232 cases of relief the sum of \$14,983,038.71. The employees of the railroad corporations which have established relief departments must not only pay their dues to the relief departments, but also to their brotherhood funds for sick and accident benefits. Fortunately their wages are relatively high, and they are generally able to provide this double insurance. But they frequently complain that the companies throw on the employees an excessive burden of cost in the relief departments. Mr. J. B. Kennedy has recently made a careful study of the insurance funds of these railroad unions, and from his account the most important facts may be obtained.⁶

The number of railroad employees in the United States is estimated to be over 1,000,000 persons, and one-sixteenth of the population depends on them for support. Over 300,000 of these workmen are members of trade-unions which offer sickness and accident and death benefits. There are

⁶ Hollander and Bennett, *Studies in American Trade Unionism* (1905), p. 323.

two noteworthy characteristics of these railroad unions: the members are workmen in a particular occupation of railroad service, and any member is entitled to change from one company to another without losing his claims in his union.

The Grand Brotherhood of Locomotive Engineers, at first called Brotherhood of the Footboard, was founded August 17, 1863. In the year 1890 the number of members was 8,000. In 1904 the number had reached 46,400, and the local lodges numbered 652. Since January 1, 1890, all members under 50 years of age must be inscribed in the insurance department of the union as a condition of membership.

The Order of Railway Conductors was founded July 6, 1868. In the year 1891 all members were obliged to belong to the insurance department, and from that time forward the union grew rapidly. On December 31, 1903, the number of policies in force was 27,875, and since the union was founded \$6,329,067 have been expended.

The Brotherhood of Locomotive Firemen was founded December 1, 1873, and in 1878 membership in the insurance department was made obligatory for all members of the union. In 1904, 98.59 per cent. of all members were insured, and the policies in force had a value of \$75,559,000. Since its foundation the union has expended \$7,941,065 in indemnities and life insurance.

The Brotherhood of Railroad Trainmen, at first called Brotherhood of Railroad Brakemen, was organized September 23, 1883. In the year 1903, 95.55 per cent. of all members held life-insurance policies. Up to April 1, 1904, the union had paid \$8,987,284.54 indemnities and death benefits. The *New York Bulletin of Labor* for 1906 gives the later figures, \$10,491,101.20.

The Order of Railroad Telegraphers was organized

June 9, 1886, and in 1898 insurance was made obligatory on all members. Twelve monthly payments of 20, 30, or 60 cents are required, according to class, and the death benefits paid vary from \$300 to \$500 and \$1,000. The mortuary fund remains intact and cannot be used for other purposes, and on November 30, 1905, it amounted to \$126,730.16—a recognition of the need of a reserve fund to meet the claims. The entire expenditures up to December 1, 1904, were \$170,450.

The Switchmen's Union, at first under the name Switchmen's Mutual Aid Association, was organized in 1886. In 1901 the statutes of the union made insurance obligatory on all members. At the end of the year 1903 the policies had a face value of \$6,679,200, and the expenditures since organization had been \$207,336.75.

The International Brotherhood of Maintenance-of-Way Employees was organized in 1887. Insurance in the union fund is at present voluntary, although it was formerly obligatory. Many of the members who held life-insurance policies in ordinary companies, and who had some doubts on account of the uncertainty about assessments, induced the general convention in 1896 to recede from the former position favoring compulsory membership in the life-insurance fund. Up to the year 1903 the fund had expended in relief \$150,000. On January 1, 1904, the number of members was 40,000.

All these unions distinguish between the funds for death benefits and indemnities for disability, which are managed by the national organization, and the sick and accident insurance which is carried by the local lodges. The by-laws of the Conductors' Union in the year 1868 prohibited the local lodges from administering death benefits and indemnities for disability, on the ground that this would weaken the national society. The Locomotive Engineers followed

the example of the conductors in 1869 and established similar regulations. The national association makes the rules for the management of the local funds for sickness and accident insurance. In consequence of improved conditions and administration, the number of claims on the disability fund has gradually diminished. The employees on railroads regard the disability insurance as very important on account of the liability to injury in their occupation.

TABLE V

NAME OF UNION	PERIOD	NUMBER OF CLAIMS		PER CENT. OF CLAIMS FOR DISABILITY	CLAIMS FOR DISABILITY PER 1,000 MEMBERS
		Death	Disability		
Conductors.....	1893-94	265	49	15.6	3.8
	1895-96	274	46	14.3	3.1
	1897-98	363	63	14.8	3.6
	1899-00	440	55	11.1	2.6
	1901-02	523	81	13.4	3.2
	1903-04	688	92	11.8	3.0
Firemen.....	1894-96	295	145	32.9	6.0
	1896-98	349	118	25.3	4.3
	1898-00	488	174	26.3	4.7
	1900-02	655	186	22.1	3.9
	1902-04	857	234	21.4	4.3

Total disability has been defined in the by-laws and practice of these unions of railroad employees in a specific sense, and it is made to include only incapacity to work at the usual occupation. In 1898 the rules of the engineers had described total disability as the loss of a hand at or above the wrist, or the loss of a foot at or above the ankle, or the loss, complete and permanent, of the sight of an eye or of both eyes; and provided in such cases that the member should receive the entire amount of the face of the policy, the same as in case of death. The by-laws of the conductors recognize loss of hearing, if it amounts to total deafness, as total disability. The regulations of the switchmen go farther and add the loss of four fingers of one hand at or above the second joint, or of three fingers and a thumb on

one hand at or above the second joint. These conditions are more liberal and explicit than those of the policies customary with the ordinary casualty companies, which add limitations and conditions which impair the value of the policy for men in such occupations. The rules as described are more satisfactory and involve smaller cost. It is probable that members of a union do not require the same exacting restrictions as the customers of a corporation engaged in the insurance business, because the comrades of a wounded man will know whether he is deceiving the union or not, and a private company has not this protection. If a member desires to buy accident or sickness insurance, he can do so through the local lodge. The telegraph operators have not thought it desirable to establish accident insurance, because their employment is not specially hazardous. Not without unfortunate experiences and mishaps have the unions developed their systems of insurance during the early experimental years, 1886 to 1880. Since 1880 the methods have been comparatively uniform and efficient. During the early years of the life of the unions the benefits were very fluctuating and uncertain in amount, depending on the accident of the state of the treasury; but since the revision of the regulations the indemnity in case of total disability and the death benefits have been fixed and stable. During the years 1890 to 1900 the principle has gradually been established that the benefits should be diminished with advancing years, the premiums remaining the same; while in ordinary insurance companies the premiums change according to the age of the insured.

Table VI shows the amounts received in each union according to the age classes.

In former years the death benefits and indemnities for total disability were raised by assessments upon the members after the accident happened; but now all the brotherhoods, with the exception of the engineers, maintain reserve

TABLE VI

Union	Age Class	Amount of Policy
Locomotive engineers.....	Under 40	\$4,500
	40-45	3,000
	45-50	1,500
Conductors.....	Under 35	3,000
	35-45	2,000
	45-50	1,000
Firemen.....	Under 45	3,000
	Over 45	1,500
Trainmen.....	No age classes	1,350
Telegraph operators.....	18-45	1,000
	45-50	500
	50-60	300
Switchmen.....	No age classes	1,200
Trackmen*.....	18-45	1,000

* Only exceptionally does this union pay policies according to age class.

funds to cover the expenditures for claims as they arise. The premiums must be fixed in each organization according to the wages of the members, taking into account also the indemnities they desire to secure and the number of claims. The expenditures have steadily increased. Among the locomotive engineers, the conductors, and the firemen, the policies of \$1,500 are preferred. Step by step, since the firemen in 1878 introduced the requirement, has insurance of all members been made obligatory. Is not this a proof that the tendency of all industrial insurance is toward compulsory insurance? In all unions there are non-beneficiary members who are not admitted to the insurance privileges because they are disabled from employment or have become old. The cost of life insurance per \$1,000 varies in the brotherhoods:⁷

Engineers, Dec. 31, 1903.....	\$17.80
Conductors, Dec. 31, 1903.....	16.00

⁷ Hollander and Barnett, *op. cit.*, p. 343.

Firemen, June 30, 1904.....	12.00
Trainmen, Dec. 31, 1903.....	18.00 (or \$17.78)
Telegraph operators, Dec. 31, 1903.....	7.20
Switchmen, Dec. 31, 1903.....	20.00
Trackmen, Dec. 31, 1903.....	12.00 (or \$15 and \$18 by class)

The corresponding premiums in ordinary casualty insurance companies would be in the age class of 35 years, per \$1,000 of insurance: locomotive engineers, \$27.23, and the same for firemen, trainmen, switchmen, and trackmen; for conductors and telegraph operators, \$22.23; or about 30 per cent. higher for death benefits alone; while the brotherhoods also guarantee benefits of equal amounts for total disability. It is observed that the premiums vary in the different unions according to the degrees of risk. Thus the premiums for the telegraph operators are relatively low because they are not exposed to unusual dangers in their occupation. The firemen pay a lower premium because they are young, and when they become older they pass up into the ranks and society of the engineers. Among the switchmen advancement is not so frequent; there are no age limits of membership, and therefore the rates are relatively high.

As a rule, the unions require their grand master and grand secretary to give bond for the security of funds managed in the sum of \$10,000 to \$100,000. The funds of the insurance departments are kept separate from other funds of the unions, and a separate assessment is levied for the support of these funds. Regulations have been passed to prevent the use of insurance funds for other purposes. State laws also govern the management of regular insurance companies, and these funds come under state supervision by insurance commissioners—a further security that they will not be scattered for strikes or other alien objects. In this way one of the weaknesses of trade-union insurance

is removed, for the entire scheme is rendered unstable if money paid for benefit funds may be diverted by action of officers, or even by vote of the representative conventions.

In the future development of industrial insurance we must reckon with the trade-unions as among the most important agencies for promoting the movement, especially as legal compulsion seems to be remote. The stronger unions have long since learned that an insurance fund is the first, most sure, and most permanent foundation for the popularity of the union. Only in extraordinary, uncertain, and unforeseen circumstances is a strike fund needed, while, on the contrary, provision of benefits in cases of sickness, accident, and death is a permanent and certain need of members. If compulsory insurance were introduced, the legislatures of the states would find it desirable and necessary to bring these powerful organizations into the system by recognizing, regulating, and controlling their by-laws and administration. The state governments could well afford to follow this course, because the unions have shown that they can administer insurance funds at low cost and in an efficient and satisfactory way. Up to this time the trade-unions are the only organizations which have shown ability, even in moderate measure, to provide unemployment insurance.

CHAPTER IV

THE INSURANCE OF THE FRATERNAL SOCIETIES

These societies of the United States are similar in many respects to the friendly societies of Great Britain, but they are not confined, as in the mother country with its established social distinctions, to the so-called working classes. Indeed there is a strong inducement for professional persons, especially those who seek clients or votes, to belong to one or more strong fraternal associations for the acquaintance and influence which membership gives.

The characteristics which distinguish these brotherhoods are the following: (1) Each local lodge belongs to a system of similar lodges with common regulations. (2) Each lodge is an independent society for local purposes, and yet the rules which govern it are made by a legislative body composed of delegated representatives elected by the lodges, and there is a central administration by officials chosen by the federation. (3) Each fraternal organization has its own peculiar ceremonies, usually of a religious character, which gives expression to the sympathetic bonds of the members. The secret pass-words and signs and solemn forms of initiation provoke curiosity and attract new members. (4) Brotherly assistance is rendered to sick or helpless members. Many of the services rendered by a lodge to its members could not be formally prescribed in a contract nor reported in statistical tables. (5) All lodges pay something or render some form of aid to members who are wholly or partially unable to work. (6) Death benefits are paid to the bereaved family of a member who has died, or to his legal heirs. It is in this last point that the fraternal

societies discover their chief social function, and it is this fact which makes them competitors of the ordinary insurance companies which carry on business for profit. The strife between them is unceasing and often bitter, even if veiled under formal courtesy. If the financial basis of a fraternal society is sound it can continue to exist, even when the ceremonies and sociable features are lightly esteemed and are neglected; but if the administration is defective, the assessments unduly frequent and high, the economic burden excessive, then the society goes to the wall in spite of all its sentimental sympathies and its impressive ritual.¹

It is not easy to discover how large a proportion of the members of these fraternal societies belong to the wage-earning group. Statistical material for a judgment is wanting and the opinions of representative leaders vary according to their personal experience and observation. In some lodges the workingmen are more numerous than in others. Inquiries made among almoners of charity, friendly visitors, residents of settlements, collectors for the "industrial insurance companies," and officials of the fraternal societies themselves furnish evidence that the unskilled and low-paid workingmen do not constitute any large part of the membership, but that these are more likely to purchase, at high rates, a little claim on burial benefits from the industrial companies and to secure an imperfect provision for sickness in some club or mutual aid society with small dues. In the larger cities and in certain smaller industrial centers it is probable that the Catholic fraternal orders consist almost entirely of wage earners. The most important single investigation, so far as known to the

¹ *Proceedings of the Nineteenth Annual Meeting of the National Fraternal Congress*, p. 445.

writer, is that of the Bureau of Labor Statistics of Connecticut.²

*Activity of the fraternal societies.*³—In the year 1905 there were said to be 168 societies of the kind under consideration in the United States. The first to be established dated from October 1, 1868, the youngest from September 30, 1904. How many in the meantime have dissolved it is difficult to discover. On January 1, 1905, there were 87,758 lodges with a total membership of 5,111,480 persons, of whom 232,068 were "social members" who had no claim upon the life-insurance benefits of the lodges, while the great majority (4,879,412) were in the full enjoyment of these rights. During the year 1904 the number of lodges increased about 3,860, and the membership 137,049, and yet this very year was for all forms of life insurance organizations in the United States a year of unrest, suspicion, and difficulties. The insurance in force, at least on the face of contracts, was on January 1, 1905, \$6,665,-141,251. The expenditures during the year 1904 were \$64,322,892. The assets on January 1, 1905, were stated to be \$51,465,430, and the liabilities \$9,619,089. The total expenditures of all fraternal societies since their foundation, chiefly for death benefits, had been \$787,427,-445; and in addition to this 13 societies which offer sick

² Report of Bureau of Labor Statistics of Connecticut, 1891; Article of E. W. Bemis in *Universal Cyclopedias*, Vol. IV, p. 521:

Occupations	Societies with Branches—Per cent.	Societies without Branches—Per cent.
In business.....	21.16	40.29
In professions.....	5.33	14.74
Well-paid mechanics.....	38.65	27.37
Lower paid mechanics.....	20.28	6.35
Clerks.....	11.20	11.25
Farmers.....	0.66	....
Housewives.....	2.72	....
Total per cent.....	100.00	100.00

³ Statistics of Fraternal Societies, 1905, Rochester, N. Y.

insurance had paid out for this purpose \$312,514,193. The total expenditures of all societies for all purposes had been since their beginning \$1,099,941,638.⁴

Costs of administration.—It is the boast of the fraternal orders that their expenses of administration have been kept remarkably low. A comparison has been drawn between twenty-five of the most important insurance corporations with twenty-five of the largest fraternals. The policies of the twenty-five insurance companies had a value, on December 31, 1904, of \$8,541,899,611, while the smaller but more numerous policies of the fraternals had a face value of \$5,210,016,008. The costs of administration of the twenty-five insurance companies was 18.3 per cent. of the receipts, while the corresponding costs of the fraternals amounted to only 8.4 per cent. The representatives of the fraternals offer an explanation of the difference. In the first place the salaries of the officers of the fraternals are very low, while those of officials of the great companies are, in many cases, notoriously extravagant. In the case of the companies every policy holder has been won at considerable expense for commissions of solicitors, while in the lodges members are solicitors who work zealously without pay. Further the meetings of the lodges afford a method of collecting the premiums and dues without great expense.

National organizations.—The fraternal societies have

⁴ A national fraternal sanatorium association has been formed to provide for the treatment of members afflicted with tuberculosis. They have secured property in New Mexico valued at \$1,000,000, and an effort is made to endow and support it. The National Fraternal Congress and the Associated Fraternities of America have voted approval of the enterprise. It is affirmed that over \$9,000,000 were paid out in one year for those who had died of consumption, and it is believed that by curing and preventing the disease the cost of sick benefits and premiums for life insurance can be substantially reduced. The cost for caring for patients will be from \$7 to \$10 per week. The legislature of Illinois, in 1907, made it legal for fraternal societies to establish and maintain such sanatoria.

federated themselves in two large groups called the National Fraternal Congress and the Associated Fraternities of America. The purpose of these federations is to discuss the common interests of the lodges, to explain the technical problems of insurance, and to influence legislation. The Catholic fraternal benefit societies follow the same economic principles as the others, as explained above, and their statistics are included with those of other similar organizations. Naturally their members are of the Catholic church and many of the priests are very active in promoting the societies in their parishes. These Catholic orders have paid out during the past twenty-five years over \$65,000,000 in death and sickness benefits, and they have now over 400,000 members.

Objections and criticisms.—The fraternal benefit societies are severely criticised by actuaries and insurance specialists in the United States, especially in cases where our societies have refused to learn from the history of the older English friendly societies and to reform their plans in accordance with experience. The more familiar criticisms are the following: The premiums of the older members are in comparison with those of younger members relatively too low to cover the risk, and therefore the younger members must carry more than their share of the burden. Ordinarily the fraternals have declined to provide reserve funds or have very inadequate reserves, and so the benefits must be paid out of assessments levied at or near the time of ripened claims. In consequence of these defects the rates of assessments rise gradually, and therefore the younger members, who must carry more than their proper share of the cost, fall away from membership, only older members remain; the burden becomes unbearable, and the brotherhood becomes bankrupt, unable to fulfil its promises or at least the expectations of the members. Once the older men are

out of a fraternal society they find themselves too far advanced in years to buy insurance in regular companies, or the rates are so high as to be prohibitive. Furthermore, it is claimed by the representatives of the ordinary insurance companies that the salaries of the officials are so low that competent and skilful men will not accept the responsible administrative offices, and that, under imperfect management, the funds of the fraternal societies will be dissipated. All these arguments are used in the competition of the insurance companies to break down the influence of the fraternals.

On the other side the importance and value of the fraternals may be defended by the following arguments: The fraternals have already demonstrated the general and growing interest of wage earners and persons of low salaries in industrial insurance; and the fraternal societies adapt themselves to the needs of the workmen with inadequate income. In spite of their defects, which may be acknowledged, these associations have already paid out enormous sums for sickness and death benefits. It is affirmed that in these societies men of ability can be found to administer the affairs of the insurance departments with fidelity and success, without having to pay them extravagant salaries. Naturally no one can claim that the administration is equally skilful and effective in all societies alike.

The problem of improving the working of the fraternal benefit societies has engaged general attention and called forth much discussion. How may the fraternals be made useful in forwarding industrial insurance? It is obvious that fraternal societies are not adapted to furnish accident insurance, at least without important modifications of present laws. It seems wiser to approach this matter from the side of the lawmaking employers liable for injuries suffered by the employees. The doctrine of the *risque professionnel*

places the responsibility for compensation first of all on the men who direct and control industry, and therefore society ought not to require the workmen to take the initiative in this field.

In the field of sickness insurance the lodges have achieved considerable success, and they seem well adapted to this purpose. As already indicated thirteen of the fraternals have paid since their organization over \$312,514,193 for sick benefits; while the other societies have their sickness funds and aid families of members in case of illness and need. Evidently it should not be difficult to find a place for such associations in a system of compulsory insurance, if the time comes when society is ready for that measure. Such organizations have been utilized in Germany for just this purpose.

Some of the fraternals have sought to establish old-age and invalid insurance, but this is not general. The tendencies and results have not yet been clearly revealed. The fraternals are very similar to the French "mutualists," and in France the mutualist societies are carefully included in the government schemes of provision for old-age pensions. Whether the state governments merely regulate, subsidize, or compel insurance for old age and invalidism they may find ready to hand an administrative machinery which works at low cost and has roots in popular sympathies.

It is in the sphere of "life insurance" that the fraternal societies of the United States have thus far found their principal mission. As shown already in the statistics the fraternals administer their insurance schemes at very low cost—8.4 per cent. of premiums, as compared with 30 to 40 per cent. of the industrial insurance companies which do business among the workingmen and collect premiums in weekly payments. This fact has awakened the hope in many minds that in the near future the workingmen will be able

to provide for themselves reliable life insurance in societies which rest on the principle of mutuality and self-government.

State regulation.—It seems to be beyond reasonable question that the interest of the members and the future usefulness of the fraternal societies demand a degree of state intervention and control. The argument for this statement is clear and strong. The vast majority of the members have not and cannot be expected to have expert knowledge of the business of life insurance, and the officers themselves are rarely actuaries of repute. The strength of the fraternal association lies in a certain sympathy, even sentimentality, which binds the members together in strong bonds, but which obscures the judgment of reality and hard mathematical facts, and is inconsistent with the necessary cold-blooded calculation and business direction which assures the wise management of funds. It is almost universally conceded that the other life insurance companies must be placed under very rigid control by the state, just as national banks are supervised and made to conform to regulations in the public interest; but it would seem that the majority of the members of the brotherhoods have made themselves believe that the law of gravity, the multiplication table, and economic forces and laws may be successfully set at defiance if only men love each other enough; and that such commonplace matters as tables of mortality and interest rates are applicable only to the insurance of rich men. Not seldom have state commissioners of insurance and actuaries who are true friends of the fraternals given to the public and to the societies the necessary information and suggested the protective measures which must be taken in order to provide a solid foundation for their insurance methods. But such suggestions have only too generally been regarded with suspicion and hostility, and there has been a constant antag-

onism between the better and more outspoken commissioners of states and the representatives of the societies. When it was shown that the reserve funds and premium rates were

TABLE I
MORTALITY TABLE
Deaths Expected per 1,000 Members

Age	Table of National Fraternal Congress	Actuaries Table	American Experience Table
20.....	5.00	7.29	7.80
21.....	5.04	7.38	7.86
22.....	5.07	7.46	7.91
23.....	5.11	7.56	7.96
24.....	5.15	7.67	8.01
25.....	5.20	7.77	8.06
26.....	5.26	7.89	8.13
27.....	5.32	8.01	8.20
28.....	5.39	8.14	8.26
29.....	5.47	8.28	8.34
30.....	5.55	8.42	8.43
31.....	5.65	8.58	8.51
32.....	5.75	8.75	8.61
33.....	5.87	8.92	8.72
34.....	6.00	9.10	8.83
35.....	6.15	9.29	8.95
36.....	6.31	9.48	9.09
37.....	6.49	9.69	9.23
38.....	6.70	9.91	9.41
39.....	6.92	10.13	9.59
40.....	7.17	10.36	9.79
41.....	7.45	10.61	10.01
42.....	7.77	10.89	10.25
43.....	8.11	11.25	10.52
44.....	8.48	11.70	10.83
45.....	8.87	12.21	11.16
46.....	9.29	12.84	11.56
47.....	9.75	13.52	12.00
48.....	10.27	14.26	12.51
49.....	10.82	15.06	13.11
50.....	11.44	15.94	13.78
55.....	15.71	21.66	18.57
60.....	22.75	30.34	26.69
65.....	34.39	44.08	40.13
70.....	53.65	64.93	61.99
75.....	85.48	95.56	94.37
79.....	125.35	130.07	131.73

inadequate and that the methods of administration must lead to bankruptcy, this was taken, and often is still taken, to be a proof that the men who give timely warning are ene-

mies of fraternals and perhaps in the pay of the regular life insurance companies.⁵ On the other hand the state commissioners have denied hostility and declare that they desire nothing more than the essential basis for sound and enduring insurance. An example may be cited. The commissioner of Massachusetts said in his report for 1904:

Fraternal insurance has come to stay. It should aim to get upon a basis that its results will be only good. . . . Why then should not this fraternal question be taken up and considered reasonably and without prejudice, for the purpose of securing through the legislatures a uniform measure of as wide application as possible, which will at least prevent the organization of new companies on lines which have been demonstrated over and over again to be faulty, and give the companies now in existence the benefit of a uniform code in all the states?⁶

The Insurance Commissioner of North Carolina said in 1905:

In the opinion of the Commissioner it would be best that all associations and orders doing business in this state should be required to have and keep a certain number of members and a certain amount of business, or not be allowed to commence or continue business. It is not best, or for the protection of our people, that associations of this character should be allowed to organize with less than a dozen men, and no assets or capital or responsibility back of them.⁷

The necessity of further legislation in order to prevent the entire ruin of the fraternal movement has of late been recognized quite generally by the enlightened men in the societies and by their advisers. Such facts as the following have startled many into action and already led to a certain improvement and reorganization. It appears that out of

⁵ The grounds for rejecting the calculations of the fraternal societies are partly found in the discrepancies apparent in the mortality tables of the fraternals as compared with those used by insurance companies.

⁶ *Report for 1904, Part II, p. x.*

⁷ *Report, p. xiv.*

114 fraternal benefit societies only 19 have accepted even the premium rates of the National Fraternal Congress; and of these 19 associations not one has adopted a rate which will cover completely the costs of administration and meet fully the claims of the beneficiaries. A report made to the National Fraternal Congress in 1906 made clear that during the year 1905, with a membership of 3,634,467, the increase in membership was only 58,344. Eighteen of the most important fraternals gained during 1905 only 96,877 new members and lost 106,373. The attorney and counsellor of one of the great societies has expressed very strongly the judgment of the competent leaders in favor of suitable state control and disclosed the nature of the crisis: . . .

I do not believe that it is safe that the fraternal beneficiary societies be left longer without proper legislative guidance in the matter of rates. I am sure that the officers and managers of fraternal societies recognize that relief must come soon, and that it must come from legislative enactments. It is nearly impossible for one or a few societies to adopt and apply adequate rates so long as other societies do not do so. There are a sufficiently large number of societies who do not yet appreciate the necessity for adequate rates to make it impossible to see a day in the future when all of the societies will have placed themselves upon a permanent basis.

In order to meet the needs and demands of the members of these societies, the legislatures must designate more clearly the character of contracts that may be made, and benefits granted by these societies than they have done in the past. It is essential to their success and perpetuity not only that they be required to accumulate adequate reserves upon level life contracts, but that provision be made whereby reserves are not appropriated to the benefit of persistent members, as in the past, but that a member who pays the reserve accumulation, shall recognize that he has an interest in it and that it shall be held sacred for the maturity of his certificate.

I recognize that this will be a new departure in fraternalism, because the theory of rates in these societies has been based upon an agreement between the members that, even if an accumulation of reserve was made, the withdrawing or lapsing member should leave

his interest in the accumulation in order that persistent members might have insurance afforded them at less than actual cost.

It seems probable that the resolutions passed on October 4, 1906, by the National Convention of Insurance Commissioners indicate the essential points of the reform demanded by the enlightened friends of the fraternal organizations.

The laws governing fraternal societies should provide that where the hope of level rate is held out to the members, that such rates should be less than those shown as necessary by the American Experience Table of Mortality with interest at the rate of 4 per cent. per annum. This will work no hardship upon the members, for any excess can be returned each year by an annual accounting, thus guaranteeing that they will not have to pay more than the actual cost of their insurance while providing for the hope and permanency of the association. . . . We urge the enactment of laws providing as follows: (1) No society shall be organized in or admitted to any state after July 1, 1907, that does not collect adequate rates, according to the above-mentioned standard. (2) All societies doing business in any state should collect adequate rates from new members admitted after January 1, 1909. (3) Members paying inadequate rates should be placed in a class by themselves, but should be permitted to transfer to the adequate rate class at attained ages, without expense or medical examination, within two years, and the funds of the two classes should be kept separate⁸.

The above report was signed by the Insurance Commissioners of Illinois, Pennsylvania, Maine, Kentucky, Mississippi, New Jersey, and Wisconsin, composing the Committee of Fraternal Insurance; and the report was unanimously adopted.

The opinion of M. M. Dawson, the actuary, is worth citing. He believes that the reorganization now going on in the fraternal societies is sincere; that the leaders are in touch with actuaries and will ultimately be supported by the members; that the administration is honest and eco-

⁸ Carlos S. Hardy, *What Is Necessary for the Future of Fraternal Societies?* 1906.

nomical; that the medical selection is good; that the rates are being adjusted to the losses and the necessary reserves are being provided; that after the shock of reorganization the numbers will increase.⁹

A rather intensive study of the working of fraternal lodges in the anthracite coal region has been made by Mr. P. Roberts,¹⁰ and from that account certain illustrations are taken. In this region are found representatives of most of the countries of Europe. Roberts says that in the cities and towns there are some brotherhoods whose chief object is the cultivation of sociability, and the members of such lodges belong to the comfortable classes and to the professional people. But the brotherhoods of miners pursue a more practical and utilitarian object and their principal purpose is to provide sick benefits and life insurance for the protection of their families. These miners are not rich enough to spend much money on purely sociable organizations. They have a special repugnance to being buried at public cost, and they pay their dues regularly in order to be sure of the death benefit when it is needed. Beyond these two emergencies the average miner does not give himself great anxiety. An experienced insurance agent acquainted with these people estimates that 75 per cent. of the workmen pay insurance premiums, about 25 per cent. paying sick insurance premiums and 50 per cent. for life insurance on policies ranging from \$100 to \$300. All the brotherhoods have a religious basis, the Catholic societies having a close relation with the ancient church and having priests as leaders. The Slav miners have many societies which bear the names of race heroes or saints. Ordinarily these brotherhoods give sick benefits and burial money. The Irish and Slav beneficial

⁹ *Annals of American Academy of Political and Social Science*, 1905, pp. 128 ff.

¹⁰ *Anthracite Coal Communities*, pp. 259 f.

societies have female members, and among the Protestant orders are auxiliary societies for women, as, for example, the Daughters of Rebecca, Daughters of Pocahontas, etc. The Catholic orders are not so numerous and are divided as the Protestant, and therefore the Catholic lodges are usually stronger financially. The individualistic spirit among Protestants shows itself in the brotherhoods, as well as in the churches, and this fact makes the insurance burden heavier for their members. The financial administration of the lodges rests in the hands of the members and these officials handle considerable sums in the course of a year. The fact that betrayal of trust is very rare speaks well for the character of the workmen. It is impossible to make an exact statement of the income and expenditures of the brotherhoods of the region. In the neighborhood of Olyphant, with 7,800 inhabitants, it is estimated that the monthly payments are about \$1,886. The monthly dues for each member range from 25 to 60 cents. When a member dies an assessment is levied of \$1 to cover the death benefit. In the cities of the anthracite region the fraternal orders flourish, and it is thought that their yearly receipts are about \$1,250,000. The weekly allowances for sick benefits range from \$4 to \$6 and receipt of benefits ceases with the third or at most the sixth month. After the first half of the period the benefit is reduced one-half and at the end of the limit all claims cease. After that the indigent member has no recourse but poor relief. In case of the death of a member the family receives from \$50 to \$125 death benefit, and the man whose wife dies receives half these rates for burial expenses. Roberts sees distinct advantage in the insurance work of these brotherhoods. The workmen find in the administration of the business of the lodge a great satisfaction. The business sessions call for discussions and explanations, for courteous conduct and tactful speech with

much self-control under provocation; and this experience tends to enlarge the scope of thought, awaken the mind, and refine the manners. Independence, self-trust, and foresight are qualities which elevate the social condition of workingmen, and in no circle of activity are these qualities so developed as in the meetings and business of the brotherhoods.

And yet these lodges reveal various defects. They are so split up into numerous small bodies that much of the energies and funds of the members are wasted. By combination and federation the efficiency of the societies would without doubt be promoted and the basis for security made deeper and broader. If the local risk could be joined with that of a wide area the insurance would rest upon a firmer basis in times of local epidemics.

Ordinarily we find in the statutes of the organizations a provision similar to that formerly a part of the German sickness insurance law, to the effect that insured persons who have become ill through their own fault, as by engaging voluntarily in fights, or by drunkenness, or venereal vice, lose their claim for benefit or at least lose it in part. The society protects itself against fraud by means of examinations made by a physician or by visits of committees. When a man is member of several societies and the sum of benefits is greater than wages he is tempted to stimulate sickness in order to have a vacation at the expense of the funds. Some of the brotherhoods avoid this danger by having an understanding between the brotherhoods that the sum of all benefits shall not be greater than wages. This precaution is not always followed and neglect leads to occasional abuses.

The negroes have imitated the whites in the organization of fraternal benefit societies and their methods have peculiarities which correspond to race traits. When we

consider the situation of the millions of these "brothers in ebony" who stand in sore need of insurance, without legal organization or protection, we can more easily comprehend the force of an argument for a national movement for compulsory insurance. For the negroes themselves compulsory insurance would be a school of economy and thrift. As a matter of fact many thousand of this race remain without any sort of aid in times of sickness and unemployment and they either become a burden on poor relief or suffer the effects of semi-starvation. As an illustration of certain aspects of their societies we may cite a picture from a letter from Nashville, Tenn., by Miss Mary Woods, dated July 8, 1906:

There are many brotherhoods among the colored people. The Ladies of Queen Esther's Court on festival occasions wear purple hats and their queen wears a crown. At the funeral services of members there are ceremonies which remind one of children's plays. All the brotherhoods pay sick benefits and death benefits. Of late reports of dishonest treasurers have not been frequent, but formerly they were common, and probably there is still much imposition. The poor things are ignorant and easily fall victims to designing and shrewd men. One impostor was preacher, undertaker, and owner of a vault and cemetery. His enemies say that he had formed a partnership with certain physicians and hospitals by which he gained still more from the unfortunate people over whom he had gained power.¹¹

¹¹ Much detailed information about the actuarial problems of the fraternal societies is found in the *Consolidated Chart* (published by the *Fraternal Monitor*, Rochester, N. Y.); in *Analyses of Fraternal Societies and Illustrations of Premium Computations*, by Abb Landis, 1906; in *Friendly Societies and Fraternal Orders*, by Abb Landis; and in *Insurance*, by W. A. Fricke, 1898; in papers of A. Warnock, F. A. Betts, M.D. Campbell, W. A. Fricke.

CHAPTER V

THE EMPLOYERS' LIABILITY LAW

The only forms of strictly legal relief of workingmen, in case of incapacity for labor caused by accidents, are poor relief and indemnity secured under the law which makes employers liable for damages caused their employees through negligence on the part of the employers. The right to poor relief is not one which can be enforced by legal process, and when such aid is granted it is insufficient, humiliating, and destructive of self-respect, so that it is dreaded and hated by every man who is not already pauperized in spirit. We have here to outline the chief facts in relation to the rights of injured workingmen under the liability law.¹

I. THE LAW

The basis of all legislation and "judge-made law" in this field is the ancient English common law governing relations of masters and servants. According to that law the employee upon entering service was supposed to assume the

¹ References: F. J. Stimson, *Handbook to the Labor Law*, 1895, pp. 161 ff.; *Report of the Committee on Relations between Employer and Employee*, Massachusetts (1904); *Tenth Special Report of the Commissioner of Labor*, Labor Laws (1904), and later *Bulletins* of the Bureau of Labor; S. D. Fessenden, "Employers' Liability in the United States," *Bulletin of the Department of Labor*, No. 31, November, 1900; E. Freund, *Police Power*, secs. 322, 633; C. B. Labatt, *Commentaries on the Law of Master and Servant* (1904); W. G. Clay, *Abstract of the Law of Employers' Liability and Insurance against Accidents* (1897); *Annual Report of New York Labor Statistics* (1899), Vol. XVII, pp. 555-1162; C. Reno, *Law of the Employers' Liability Acts* (2d ed., 1903); *Industrial Commission, Report*, Vol. V, pp. 76-87, Vol. XVII, pp. 970-1135, Vol. XIX, pp. 932-39; *Bulletin of the Department of Labor*, No. 40 (Weber); H. A. Schaffner, *Railroad Coemployment* (1905).

ordinary risks of the occupation—the doctrine of “assumption of risk.” It was thought that a free man entering into a contract of service would usually be acquainted with the dangers attending that occupation and would have no claim upon his employer if he were injured. If, however, there were extraordinary dangers which should be known by the manager but not by the employee, such risks were not supposed to be assumed. It would be the duty of the employer to make these unusual dangers known to the workman, and if he failed to do so and harm resulted, the employer would be liable.

Another famous doctrine was the “fellow-servant” interpretation. According to this principle the employer could not be required to pay indemnity to an injured workman if the accident and hurt came from the carelessness of a companion in the service. This doctrine is of comparatively recent origin. About the year 1840 this rule was developed by courts in England and in the United States and employers were exempted by judicial decisions from payment of damages where the fault lay with a fellow-workman. Nor was this unnatural, if one starts from the idea of personal culpability; for in no proper sense is an employer directly to blame for an injury caused by another. The fact that the principle works hardship indicates a fault in the law itself not in its logical application.²

There is another aspect of the case, however, which introduces doubt; the employer is responsible for his agents, since he selects them and may be negligent in this selection and in giving them power to control the action and fortunes of subordinated workmen. In this view the negligence of a fellow-servant who is in position of director of others is the fault of the original manager and proprietor. Many

² Pollock, *Law of Torts*, 7th ed., p. 96; Field, U. S. Supreme Court Reports (112 U. S.), p. 3867.

decisions have turned on this fact and made the employer liable for indemnity if the fellow-servant was unfit for his position, incompetent, drunken, or negligent so as to cause injury. It is not strange that judicial opinions should differ and that the course of legislation should be crooked. Thus we have in one direction the language of Justice Field (*C. M. and St. Paul Railway Company vs. Ross*, 1884, 112 U. S., 377); in holding that a corporation should be held responsible for the acts of a servant exercising control and management:

He is in fact, and should be treated as, the personal representative of the corporation, for whose negligence it is responsible to subordinate servants. This view of his relation to the corporation seems to us a reasonable and just one and it will insure more care in the selection of such agents, and thus give greater security to the servants engaged under him in an employment requiring the utmost vigilance on their part, and prompt and unhesitating obedience to his orders.

The United States is the only country now where this labored dispute has any significance; for with the introduction of the laws relating to the absolute liability of employers without regard to negligence and with the compulsory insurance laws the idea of negligence of fellow-servants has no meaning.

It is the duty of employers, under the common law, to provide in a reasonable way such machinery, buildings, and appliances as will insure safety. Only ordinary care is obligatory and the law does not demand the impossible in asking absolute security against harm, nor even the use of the most recent and costly devices, but only such as are found in a well-arranged establishment. If a defect is known to exist the employer is not held liable, although he may be required to give indemnity if it is shown that the injured workman has repeatedly called attention to the danger and asked for protection.

Another rule is that of "contributory negligence;" an injured workman in order to recover damages must prove that he did not bring harm to himself by his own carelessness. The employer is under obligations to instruct a new employee in regard to any special dangers of the occupation, and this requirement is more strict where the employee is young, inexperienced, or of inferior mental capacity.

According to the common-law rule a difference is made between the case where the employee is instantly killed and that where he survives for a time. In the former case the legal representatives of the victim cannot recover damages from a negligent employer. This rule has been modified in the statutes of some states. It is said that an action for damages on account of homicide could not be maintained prior to Lord Campbell's Act in 1846 (9 and 10 Victoria, *B. C.* 93).

A few of the states have redefined the main provisions of the common law. In some states only corporations, and in others all employers, are liable for injuries to employees caused by defects in machinery of plant or by negligence of employers or their representatives.³ California and Montana, which have adopted the general codes prepared by the late David Dudley Field, attempt to recast the common law in still greater detail.⁴

Gradually the common law has been displaced or profoundly modified by statutes as well as by judicial interpretations. On the whole the changes have been in the direction of making the law more severe for the employer and to extend the protection of the workingmen. In order to counteract the tendency among employers to induce or require their employees to release them from liability by a

³ Mass., 1894, 499; Col., 1893, 77; Ind., 7083; Ala., 2590.

⁴ Stimson, *op. cit.*

contract clause in the agreement to hire, some states have enacted statutes making it illegal to make such contracts; but the courts have annulled them even in the absence of express statute.

In order to correct the injustice of the common law which denied indemnity in case the workman was instantly killed, a law has been passed, as in Massachusetts, securing for the survivors right of action in a case where such right would have existed had the person lived for some time after the accident. The amount which can be recovered may or may not be fixed by the statute.

The Employers' Liability Act of Massachusetts, as summarized by the commission of 1903, may be taken to represent the effort of legislators to extend the right of employees to recover damages. According to this statute employees may recover for any defect in the condition of the ways, works, or machinery of the employer caused by negligence of the employer or of some one in his employ whose duty it was to see that the same were in proper condition or properly repaired. Employees may recover for the negligence of a superintendent, or of one acting as superintendent under the authority of the employer. On railroads the company is liable to the employee injured through the negligence of a person having the charge of any signal, switch, locomotive, engine, or train. In the event of the death of the employee his legal representatives have the right to recover damages against the company. If death was not instantaneous, or was accompanied by conscious suffering, the widow, and if no widow the next of kin, dependent on the employee at his decease, may recover damages against the company. If there are two suits, one by the legal representatives and one by the widow or next of kin, the total amount recovered shall not exceed \$5,000,

to be apportioned by the jury. In the laws of some states the sum which may be recovered is not fixed or limited, but left to the discretion of the jury. Employees themselves suing under this act can recover an amount not exceeding \$4,000. In any case under this act resulting in death, which follows instantaneously or without conscious suffering, the amount recoverable is not less than \$500 and not more than \$5,000, to be assessed according to the degree of negligence of the person for whose negligence he is made liable. Notice must be given the employer within a given period after the accident. Employees working for subcontractors upon the machinery, ways, works, or plant of the employer have the same rights against the employer as have other employees. To have right to recover indemnity the employee must have given due notice of the defect which caused his injury. An employer who has contributed to certain insurance funds for the benefit of injured employees may prove in mitigation of damages recoverable by an injured employee under this act, the proportion contributed by him to the benefit received by such employee. This act does not apply to injuries caused to domestic servants or farm laborers by fellow-employees.

Contracting out.—Even without statute it would appear to be illegal to make a contract releasing the employer from his common-law responsibilities; but some states have enacted laws expressly nullifying such contracts, with the purpose of preventing employers from using their superior power as employers to make such agreements the basis of granting employment.⁵ In some states such contracts are void only where the injuries arise from the negligence of the employer or of someone who represents him.⁶

⁵ Ohio, 1890, p. 149; Ind., 7083; Tex., 1891, 24; Wy. Const., 10, 4; 1891, 28; Flor., 2346; in Ohio the law applies to railroads only.

⁶ Mass., 1894, 508, 6; Ala., 2590; Minn., 1887, 13.

II. CRITICISM OF LIABILITY LAW

It is almost universally agreed among persons of experience that the liability laws, whether common or statute, are not satisfactory to either employers or to the employed. On the one hand we hear complaints from the employers who affirm that legislatures, under pressure from trade unions, are steadily making statutes more drastic and severe upon employers and more favorable to employees; that juries award verdicts without regard to justice, measured more by what the defendant can pay than by the earning power of the person who has suffered loss; that employees are more eager to resort to litigation and persistent in pressing suits; that dishonest lawyers take advantage of the situation and for contingent fees urge injured workmen to prosecute claims, many of which are without foundation in justice; that to protect themselves from ruinous risks they are compelled to pay enormous sums to casualty companies for premiums, and even then cannot afford to pay premiums large enough to carry the entire risk; that employers of moderate means may be crippled or utterly ruined by the awards of juries and by the costs of litigation.

On the other hand the employees offer objections from their point of view. They assert that they are denied speedy trial in courts, owing to the crowded condition of dockets and the tricks of attorneys of defendants; that in addition to their employers they must fight powerful insurance companies who resist their claims to the bitter end; that these companies are even more pitiless than the employers; that an ordinary workman has no chance when pitted against the shrewd claim agents, expert attorneys of employers, and insurance companies; that before they can hope to recover damages years of deprivation and misery must pass while the suit is appealed from court to court and their rights are denied; and that even if they are fortunate enough to

recover indemnity, after long waiting and suffering, the costs of litigation have consumed most of the award. Meantime they have been kept out of the interest on what was justly due them. An extreme instance is known to the writer where a great corporation, after twenty-one years of resistance was finally compelled to pay, but meantime the interest which they retained was equal to the full amount of the award to which the injured man had a right from the moment he was hurt.

III. EMPLOYERS' LIABILITY INSURANCE COMPANIES

A natural product of the working of liability laws, under modern economic conditions, is the rapid and enormous growth of private companies which undertake to relieve employers from the dangers and burdens of lawsuits instituted by injured workmen or by the heirs of those killed in industrial accidents. We have said that this form of insurance is a natural outgrowth of the situation, artificially created by the law, an inevitable effort to protect the solvency of employers against the ruinous effects of damage suits. The employers offer a defense of their action which is relatively just and yet sounds like an indictment of the law itself. They say, that without such insurance their business credit might be hopelessly compromised; that a certain class of lawyers, known as "ambulance chasers," lurk about the neighborhood of works where accidents are frequent with the hope of securing clients by offering their services without hope of fees unless a suit is won for the poor plaintiff, in which case he takes the lion's share of the award, while the workman receives a paltry sum. In sheer self-defense they resort to the insurance company for protection. When a workman refuses to make settlement without litigation they feel justified in turning him over to the tender mercies of the foreign corporation and let them

fight out the battle. Even so the employer is not entirely free from danger, since in practice he does not feel able to pay the premium required to purchase entire immunity, and sometimes, as in a case where the award is \$20,000 and the policy guarantees only \$5,000 the employer may be severely worsted after all.

The extent and cost of employers' liability insurance may be seen from the following figures. In the five years between 1894 and 1898 ten companies received in premiums from employers \$19,401,511 and paid out in losses \$9,382,-689; the premiums received were more than twice the payments for protection.

How much of this \$9,382,689, after paying their lawyers, ever reaches the workingmen for whom the law intended it should be paid?⁷ In the state of Illinois, in one year, 15 of these companies collected in premiums from employers \$1,825,467.51 and paid claims to the amount of \$876,940.95.⁸ It must not be supposed from these figures that the insurance companies are reaping inordinate profits from these transactions, and we may accept their explanation of the figures that the expenses of doing business are actually extremely great. It is claimed by friends of the companies that the rate of commission alone for securing business will average between 25 and 30 per cent., to which must be added salaries and traveling expenses of special agents; rent and other expenses of branch offices; cost of surveys and inspections; home office expenses; rent, clerk hire, and a multitude of other small charges; so that the expenses average about 50 per cent. of the premiums, and the margin of profit left is about 10 per cent. of receipts.⁹

⁷ *Report of Industrial Commission*, Vol. VII, p. 78.

⁸ *Thirty-seventh Report of Insurance Superintendent of Illinois*, 1905, p. xvii.

⁹ W. F. Moore, "Liability Insurance," *Insurance*, published by Annals of American Academy, pp. 328, 330.

When we compare this enormous cost with that of German compulsory accident insurance, or even with that of French syndicates or private companies under recent laws, we can see that the industry of this country is subjected to a burden which is beyond reason; and it does not seem possible that a large body of shrewd business men will very long tolerate such a law and the conditions which it creates.

This form of insurance began to be used about 1887, and the volume of business increased from \$150,000 in that year to \$14,700,000 in 1904; but these figures include all kinds of liability policies excepting steam boiler policies.

IV. INDIRECT CONSEQUENCES

One effect of the employers' liability laws, in connection with other motives, is the very common custom of paying the expenses of medical care after an accident, and even of continuing the wages or part of them during temporary incapacity. How far this custom extends it is impossible to determine, but correspondence proves that it is quite wide and rapidly growing. One example may be cited. In the state of Michigan during the year 1905, according to the report of the Bureau of Industrial Statistics, reports were secured on this subject in relation to more than 400 cases of accidents in factories and workshops in the state. The average duration of disability was 33 days. Out of 348 injured workmen 172 of them received their wages during the time of disability.¹⁰ Only in part is this beneficent action due to purely philanthropic motives; probably we must suppose the constant pressure of fear of damage suits on the part of employees urged on by lawyers in quest of contingent fees. As quickly as possible after an accident the representatives of the firm visit the wounded man, show

¹⁰ *Twenty-third Annual Report of the Labor and Industrial Statistics of Michigan, 1906.*

him kindly attention, provide for urgent needs, or send him to a hospital. In due time, not always immediately upon the heels of the conciliating gift, comes the legal agent of the firm with a document for the employee to sign giving a full release from all liability in consequence of any possible neglect on the part of the employers. As a rule there is no legal claim, and the contribution is a pure gratuity, but experience shows that such "smart money" has a soothing and conciliatory effect upon the mind of the injured man. Furthermore there is economic advantage in securing prompt surgical and medical care, because the chances of certain and speedy recovery of a wounded workman are increased by such measures. Of course the employee profits by the custom. But he has no legal claim, and the charity feature is objectionable and irritating.

The establishment of benefit clubs in factories and shops, with or without subsidies from the employers, as described in another chapter, is often largely due to the natural and proper desire of employers to avoid the irritation which increases friction and so litigation. Here also the perception of the value of timely and competent medical care in restoring and conserving the industrial efficiency of workers has much to do with the favorable attitude toward such organizations. The humane motive must also have its place. It has been asserted, though without adequate data for proof, that many of the great railroads and other corporations already, and without legal requirement, pay out in benefits to wounded workmen all that they would be required to do under the British Compensation Act. All of these facts go to show that, under the liability law, the cost and burden of insurance is already quite heavy on employers, and that the burden would for many of them not be greatly increased if the compulsory insurance of workingmen were at once introduced. But the measures just described are

without true legal authority and are for this reason not socially equal nor fairly distributed. It is natural that some more satisfactory legal method should be sought.

V. THE MASSACHUSETTS BILL

On January 13, 1904, a very competent committee recommended to the legislature of Massachusetts a modified form of the British Compensation Act of 1897. The legislature had, on June 5, 1903, instructed the governor to appoint this committee of five persons to make recommendations for laws on the relations between employer and employee. The text of the bill offered by them was printed in their report. This bill was rejected and nothing was done, and yet the discussion thus awakened served an important educational purpose and public opinion was strongly directed to the problem.

Serious and perhaps insurmountable legal objections have been urged against this bill. The proposed law has been summarized and criticized very clearly and strongly by Professor E. Freund:

The bill makes every employer belonging to one of the classes specified by it liable for any personal injury happening to an employee while performing duties growing out of or incidental to his employment, unless the injury is due to the employee's own wilful or fraudulent misconduct. The employment must be on, or in, or about a railroad, a street railway, a factory, a workshop, a warehouse, a mine, a quarry, engineering work, or any building which is being constructed, repaired, altered, or improved by means of a scaffolding, temporary staging or ladder, or being demolished, or on which machinery driven by steam, water, or other mechanical power is being used for the purpose of the construction, repair, or demolition thereof. The act provides for the payment of lump sums in case of death, and for weekly payments in case of total or partial incapacity. Maximum amounts are fixed, and the weekly payments are subject to review from time to time. All questions arising under the act as to liability to pay, or amount or duration of compensation, are to be

settled by arbitration. The employee has his option to proceed independently of the act to recover damages, where he has a cause of action by common law or by other statutes.¹¹

Professor Freund and others have raised the following constitutional objections to this form of law: (a) The bill makes no provision for trial by jury, leaving the settlement in disputed questions to arbitration; (b) There seems to be no principle of classification in determining the occupations included in the bill or excluded from its operations; (c) It is objected that this bill lays an unjust and intolerable burden on the employer of small means and income, making his liability absolute although his ability to meet the demand in case of serious accident is not comparable with that of rich corporations. All these errors can be corrected in a revised bill. "The necessary provision for jury trial would probably not seriously interfere with the operation of the act; a more intelligible principle of selection of employments could easily be found; and, above all, employers on a small scale should be relieved."

A somewhat different line of objections has been brought forward by other legal authorities. Thus it has been attacked on the ground that it is class legislation and casts upon employers of certain selected classes a burden not imposed on others. In proof and illustration of this contention the decision of the Supreme Court of Illinois is cited:

Liberty, as that term is used in the constitution, means not only freedom of the citizen from servitude and restraint, but is deemed to embrace the right of every man to be free in the use of his powers and faculties and to adopt and pursue such avocation or calling as he may choose, subject only to the restraints necessary to secure the common welfare.¹²

¹¹ *Green Bag*, February, 1907, pp. 80 ff.

¹² *Braceville Coal Co. vs. People*, 147 Ill., 660; *Bassette vs. the People*, 193 Ill., 344; *Powell vs. Pennsylvania*, 127 U. S., 678; *Allgeyer vs. La.*, 165 U. S., 578.

These cases show that legislative enactment cannot deprive a man of his right to pursue his calling in his own way so long as he does not encroach upon the rights of others. As an example the case is cited where a statute prohibiting contractors to allow their employees to work more than eight hours a day on public work was held unconstitutional.¹³ It is affirmed, in the same course of argument, that the police power of the state cannot be made to cover legislation not necessary to the health and safety or welfare of the community. One might be justified in replying to this argument that it is precisely the health, preservation, and welfare of the people which is the object of this legislation.

Another objection to the compensation law is based on the idea that, if its enactment meant the repeal of the right to secure redress for injury due to the employers' negligence, it would be unconstitutional because it would deprive the employee of a remedy which he now has under the common law. This form of the argument has much weight with employees and hinders the progress of progressive legislation in the direction of insurance. It would be amusing if it were not so tragically serious to hear what legal principle is quoted in this connection; the splendid periods of the Bill of Rights are introduced to give solemn weight to the argument for the common law as against modern insurance laws which offer a vastly more adequate remedy not only in case of negligence but in all cases of accidents. It sounds like sarcasm to quote these words and then bring them into connection with the daily facts of life in any industrial city of this country. The fundamental ethical principle is indeed worthily expressed:

Every person ought to find a certain remedy in the laws for all injuries and wrongs which he may receive in his person, property, or

¹³ Bailey *vs.* the People, 190 Ill., 28.

reputation. He ought to obtain it by law, right, and justice freely and without being obliged to purchase it, completely and without denial, promptly, and without delay.

This is the sublime doctrine of our law; but what is the brute fact familiar to the very judges who cite these sonorous phrases in instructing juries and rendering awards? Every one of them knows, and many of them confess with shame, that the actual working of the law is in constant and notorious contradiction with every phrase; in practice there is burdensome cost to the workman who sues, and he must pay his attorney perhaps half of the award to conduct his suit; the delay leaves the disabled man for at least two years without resources, although the law gives him a right to instant succor; the issue is not certain, but a mere gambler's chance; and in the vast majority of cases, that is those not traceable to negligence of the employer, yet due to the occupation itself, the workman has not even the promise of legal relief. The situation has a natural tendency to make every workman regard laws and courts as his natural enemies, and this has really been the effect, until there is positive hostility to these salutary institutions. There is no cure for this hostility in quotations from venerable documents to which actual experience gives the lie direct.

Beneath the juristic objections are certain economic difficulties which give meaning to the legal criticism of the compensation or absolute liability principle. These objections were successfully urged by the manufacturers of Massachusetts and were influential in the defeat of the bill before the legislature. In the United States there is entire freedom of trade between states and competition is unrestricted by state barriers. The employers, assuming that the cost of insurance is a financial burden or that compensation without reference to negligence would be, declare that the premiums for insurance would handicap the employers

of the state which should adopt the law in their competition with employers in similar lines in other states. It is difficult to prove that this objection is without weight. Elsewhere the various aspects of this problem are considered, but the difficulty if not impossibility of securing national and thereby uniform and equal requirements makes a satisfactory solution very remote.

VI. EFFORTS TO FIND A WAY OUT

There are some encouraging aspects of the situation. It will still be possible, under judicial rulings, to make insurance contracts of a certain kind which may develop a system of voluntary protection much more satisfactory than anything yet known. It is quite clear that an employer under the law may make a contract with his employees which will release him from common law liabilities in cases where the injured employee accepts the terms after the accident. But it is not yet clear that an employee can contract out of his rights as a condition of employment or even in advance of actual injury.¹⁴ Insurance arrangements of the relief departments of the railroad companies are on the basis of these legal principles. In the bill offered by the Industrial Insurance Commission of Illinois in 1907 another method was recommended: to offer to employers who would contribute at least half the cost of accident insurance immunity from all other liabilities, in case they could induce their employees to sign a contract to accept these terms. It was thought by the commission that the freedom from uncertain liabilities and danger of vexatious and costly litigation would be inducement enough for most important employers to adopt this course without further legal constraint. On the other hand it was hoped that the employees would see it to be to their interest to agree to such a contract

¹⁴ See 77 N. E. Rep., p. 248; 169 Ill., 312.

since they would thus be assured of a certain indemnity or benefit in all cases of injury, whether there was show of cause under the plea of negligence or not, and thus they would have absolute protection in all forms of disability without losing employment and without paying half or more of rare awards for lawyers' fees. It is not yet known whether the employees will take this view of the matter, nor what the legislature will do, nor what the courts would do in case a law of this kind were put to test. But the Commission was advised by some of the most competent authorities in the country that the essential features of the bill were legally and actuarially sound and would, if accepted in good faith, relieve the situation and be a substantial benefit to employers, employees and to the general public. If this is true the idea will yet be tried in some states and have a chance to prove its worth. The Illinois bill left the method of insurance optional with the contracting parties, that is with the employers; and the employer might select a casualty company to provide the machinery for protection, or might under suitable conditions create his own insurance fund, or might join with others in the formation of a mutual insurance association. It would be unwise to exclude casualty companies from this business in the present situation and equally unwise to give them a monopoly of the business.

In the year 1899 an effort was made in New York to introduce some insurance measure, but it failed on account of the contemporaneous demand for more stringent liability law. The bill offered included the British principle of absolute liability and compensation in all kinds of accidents.¹⁵

In the year 1902 Senator David J. Lewis introduced into the legislature of Maryland a bill intended to encourage or

¹⁵ See article of M. M. Dawson in *Railway Age*, 1904, p. 415.

practically compel employers to provide insurance for their employees in certain dangerous occupations. There was in the law a drastic provision extending the scope of liability, and then the employer was permitted to avoid this liability by paying given sums to the State Insurance Commissioner for the creation of a fund out of which a death indemnity for a thousand dollars should be paid. The law was passed and a number of death benefits were paid out by the Insurance Commissioner. It was declared unconstitutional in an inferior court on the ground that the law gave judicial powers to an administrative officer. No case has been carried up to the Court of Appeals and the final test has not been applied. The author of the bill thinks that the indifference of employers to the law was due to the fact that the number of cases attributable to negligence is so small that freedom from liability under that clause is not sufficient motive to induce them to go to the trouble to insure their employees.

In the meantime it is interesting to study the growth and advance of instructed minds on this subject as illustrated in various messages of President Roosevelt. He seems to have uttered his first plea in connection with an urgent request to Congress to grant disability and old-age pensions to members of the life-saving crews along the rivers and coasts. In his message of December 3, 1906, he goes farther and reaches the ground of the British compensation act of 1897:

Among the excellent laws which the congress passed at the last session was an employers' liability law.¹⁶ It was a marked step in

¹⁶ This law has been declared unconstitutional by two courts and affirmed by one federal court. Judge Evans, in Kentucky, in *re United States vs. J. M. Scott*, 1906, declared adversely. A case was carried up to the Supreme Court and by a small majority the law was declared unconstitutional on a mere technicality. Subsequently congress enacted an amended form of the law and the President signed it. See Appendices B and C.

advance to get the recognition of employers' liability on the statute books, but the law did not go far enough. In spite of all precautions exercised by employers there are unavoidable accidents and even deaths involved in nearly every line of business connected with the mechanic arts. This inevitable sacrifice of life may be reduced to a minimum, but it cannot be completely eliminated. It is a great social injustice to compel the employee, or rather the family of the killed or disabled victim, to bear the entire burden of an inevitable sacrifice. In other words, society shirks its duty by laying the whole cost on the victim, whereas the injury comes from what may be called the legitimate risks of the trade. Compensation for accidents or deaths due in any line of industry to the actual conditions under which that industry is carried on should be paid by that portion of the community for the benefit of which the industry is carried on—that is, by those who profit by the industry. If the entire trade risk is placed upon the employer he will promptly and properly add it to the legitimate cost of the production and assess it proportionately upon the consumers of his commodity. It is therefore clear to my mind that the law should place this entire risk of trade upon the employer. Neither the federal law nor, as far as I am informed, the state laws dealing with the question of employers' liability are sufficiently thoroughgoing.

Still more recently in a speech at the Jamestown Exposition, June 11, 1907, President Roosevelt has been even more explicit and published the opinions which no doubt have long been waiting in his fertile mind for the right moment for utterance in a responsible way: "Workmen should receive a certain definite and limited compensation for all accidents in industry, irrespective of negligence." This doctrine he would have Congress apply at once in statutes governing railroads; no doubt with the hope that state legislatures would speedily follow the example set by the federal legislature.

On May 30, 1908, President Roosevelt had the satisfaction of approving a bill which, for the first time in our history, distinctly and fully recognizes in law the moral obligation of the state to provide compensation for injuries due to the hazard of occupation; it is H. R. 21844, "An Act

granting to certain employees of the United States the right to receive from it compensation for injuries sustained in the course of their employment." (See the text in Appendix C.)

The genial and humane manufacturer and politician, Mayor S. M. Jones of Toledo, "Golden Rule Jones," is quoted as follows:

Whenever a crank-shaft, a gear, a pinion, or any part of a machine is broken, it must be replaced. When a machine is worn out and a new one must take its place, the expense of these repairs and replacements, of course, is charged to the business. That is figured as a part of the cost of carrying on the business.

To a very great extent a man has been looked upon as of less importance than a machine. Men by the thousands are annually maimed, crippled, disfigured, and killed in the service of the factories, shops, mills, and railways of the United States with scarcely a thought being given to the subject of making good the injury, and the rule is that the poor man who has lost a finger, a hand, an eye, an arm, or a leg, when by reason of these defects he is no longer useful, is turned out to shift for himself, and very often both he and his family are made dependent upon the public charities for a livelihood. . . . If a business must provide margin enough to repair broken and renew worn-out ones, why should it not provide for a broken leg, a crushed foot or hand, by paying to such injured person his regular wages during the time of his enforced suffering and idleness? And when the breadwinner of a family is killed, why should not the business that killed him take the place of the breadwinner as far as possible by providing for the material wants of the family that was dependent upon him? . . . I believe that business should provide for such emergencies; and furthermore, that as we become humanized it will be considered a legitimate part of the necessary expense of carrying on any business.²⁷

At this point we may well consider the argument and recommendations of the Bureau of Labor and Industrial Statistics of Wisconsin (*Report* of 1908, pp. 105 ff.): The cost of the existing system to the employer varies with the industry but averages from five-tenths to six-tenths of 1

²⁷ *Machinists' Monthly Journal*, February, 1904, p. 113.

per cent. on the wage bill and from \$2.50 to \$2.80 per man per annum. This is chiefly for liability insurance premiums. Less than half of this money reaches the victims of accident. The board recommends the following principle:

Let the employer contribute an amount which he probably would have to pay if he continued with the law of negligence, release him from liability to damage suits, and then distribute that money on the insurance principle, the employee being encouraged to carry as much additional insurance as he could.

This is essentially the recommendation of the Illinois Commission.

CHAPTER VI

PRIVATE INSURANCE COMPANIES

I. INDUSTRIAL LIFE INSURANCE

The purpose of these companies, from the standpoint of directors and stockholders, is profit; their social end is to secure for the policy-holders a certain sum to provide for the expenses of mortal illness and for burial without appeal to charity. Some of these same corporations carry on an ordinary life-insurance business which does not in any important factor differ from other life-insurance agencies, and does not require special attention in this place.¹

The vast importance and extent of the business of these burial insurance companies may be indicated by their statistics. In a previous part of this discussion the principal facts have been cited. The face promise of all policies of industrial companies in the year 1902 was \$1,806,890,864. The number of policies was 13,448,124, and the average value of the policies was \$135. Mr. Dryden estimated that the

¹ References: Frederick L. Hoffman, *History of the Prudential Insurance Company of America, 1875-1900*; Handbook and Reference Guide to the Exhibits of the Prudential Insurance Company of America, prepared for the Louisiana Purchase Exposition, St. Louis, 1904; John F. Dryden, *The Inception and Early Problems of Industrial Insurance*, 1905; Description of Ordinary Policies of the various companies; article on "Industrial Insurance," *Encyclopedia Americana*, by Haley Fiske, vice-president of the Metropolitan Life Insurance Company; Haley Fiske, Testimony before the Legislative Investigating Committee of New York, 1905; H. Fiske, "Profits of Industrial Insurance," *United States Review*, thirtieth anniversary number; H. Fiske, "Industrial Insurance," *Charities Review*, March, 1898; *Memorandum* submitted on behalf of the Metropolitan Insurance Company, respecting the proposed insurance bills, New York, 1906; W. A. Fricke, *Insurance*, 1898, pp. 212-77 (article by John R. Hegemann, president of Metropolitan Life Insurance Co.).

companies distributed annually to their beneficiaries more than \$20,000,000 in burial benefits.

The burden of this enormous business is heavy and is borne exclusively by members of the wage-earning groups, and especially by those whose wages are lowest or next to the lowest. This expense has come to be regarded in this country as a necessary part of the weekly budget. There prevails among the people of our cities, among immigrants as well as among native born, a strong feeling against "pauper burials," and this sentiment is quickened and stimulated by the persuasions and representations of the numerous agents of the industrial insurance companies; it is their stock in trade. According to Hoffman² the average policy in that company in 1899 was for \$114.22. The entire payments of premiums into the treasury of this company in 1899 amounted to the sum of \$19,028,792, and the payments of benefits to \$5,426,545. The entire receipts from the beginning to the year 1899 were \$120,505,542, and the payments of burial benefits \$39,901,006. The ratio of cost of administration to income was 39.17 per cent., as compared with 17.34 per cent. in the ordinary life-insurance companies. At first sight this contrast is so startling, and the difference of cost so great as to raise a suspicion of foul play. But further analysis mitigates the severity of judgment, although it may lead us to dislike the system even more than before. (The figures may be found in the *Standard* of September 17, 1898, pp. 314 ff., as given by Mr. J. R. Hegemann, president of the Metropolitan Life Insurance Company.) In *Statistics, Fraternal Societies*, 1905, p. 213, the editor asserts that in twenty-five of the ordinary life-insurance companies the ratio of administrative expenses to premiums was 18.3 per cent. (varying from 10.4

² *History of the Prudential Insurance Co.*, p. 289.

to 31.7 per cent.); while in twenty-five fraternal societies the cost was on the average only 8.4 per cent.

The explanation of the difference and of the enormous burden which falls upon the poor insurers is given by the administrators of the industrial companies themselves, at least in part. Of the cost for salaries and the amounts absorbed by profits of directors and stockholders we must learn elsewhere, but of the chief facts they make clear disclosure. One of the factors in explanation is the small size of the poor man's policy, as compared with that of the rich man. The average policy in ordinary companies is \$2,468, while that in industrial companies is only \$142, and that of the weekly payment plan is much lower still. The industrial company must write at least eighteen policies to make the sum of one policy in ordinary insurance. In connection with each of these little policies visits must be made to solicit and write the policies; each policy must be carefully examined by experts, immense correspondence must be carried on from the central office with agents all over the land, the payments of premiums demand time and expense, the accounts must be kept with each policy holder and each agent, and the medical examinations also call for heavy payments. It is estimated that the agents of these companies must make in the United States annually more than 416,000,000 visits in homes, or about 1,328,000 each week day. To these causes of expense we must in fairness add the fact that the rate of mortality among working people is much higher than among the members of the well-fed, comfortable classes, and this makes the cost of insurance higher. The habits of life of many working-people, their unsanitary homes, inadequate or improper food, hard and monotonous labor often at depressing tasks, close confinement, and occasionally inherited defects, all have a bearing on death rates

and hence on premiums which must be charged to cover risks. The table shows the relative rates of mortality according to Farr's English Life Table, based on the general population of Great Britain; the Actuaries' Table, based on the combined experience of seventeen English companies; and the table based on the experience of 12,000,000 insured lives with the Metropolitan Life Insurance Company.

TABLE I

Age	Deaths per 1,000 (Farr)	Actuaries	Metropolitan
20.....	7.74	7.25	10.52
21.....	8.46	7.33	11.56
25.....	9.24	7.72	14.14
35.....	11.24	9.19	17.15
45.....	14.50	11.95	22.56
55.....	21.75	20.99	35.22
65.....	41.20	42.45	64.51
70.....	60.80	62.51	90.99

The actual premiums paid in the industrial companies are set forth in their tables, and typical tables are here reproduced.

Value of industrial insurance.—We may freely admit that the claim of the companies that they offer real benefits to low-paid workmen has considerable foundation in fact, and they are entitled to consideration. It is incredible that such a vast business should rest upon unmitigated falsehood and injustice. The companies are right in their claim that no considerable number of workmen of this level will voluntarily insure, even if rates are low, and that solicitation by agents is costly and the expense must be charged in the premiums. They are right in claiming that the benefits have often spared the poor family the shame of a pauper funeral; that family feeling and affection are fostered; that a spirit of independence and self-respect is maintained; and these

TABLE II

INDUSTRIAL INSURANCE OF THE INSURANCE COMPANIES

Industrial Life Insurance, Its History, Statistics, and Plans [1905], pp. 59 ff.)
BALTIMORE LIFE, BALTIMORE, MD.

YEAR	NEW POLICIES IN THIS YEAR	POLICIES IN FORCE		PREMIUMS RECEIVED	PAYMENTS
		Number	Amount		
1904	\$4,548,840	103,965	\$7,977,954	\$592,777	\$108,545
1903	4,969,152	105,587	7,770,477	596,472	96,731
1902	5,723,118	100,292	7,133,760	565,871	71,345
1901	5,774,038	100,714	6,529,913	544,399	68,429
1900	5,354,140	92,310	5,642,853	523,785	54,921
1899	4,486,212	86,061	5,038,963	467,880	47,599
1898	4,451,355	76,974	4,251,905	421,496	39,879

COLONIAL, JERSEY CITY, N. J.

1904	\$8,784,984	83,690	\$9,781,317	\$454,807	\$115,554
1903	7,122,800	70,076	8,028,103	364,588	86,855
1902	6,454,644	55,597	6,149,410	282,993	69,871
1901	5,211,301	43,520	4,668,763	203,454	50,676
1900	4,209,047	34,674	3,650,629	152,501	39,501
1899	4,042,526	27,697	2,854,075	85,252	15,900
1898	2,719,798	10,623	1,423,482	23,626	4,221

COLUMBIAN NATIONAL, BOSTON

1904	\$9,468,216	40,397	\$5,532,978	—	—
1903	4,813,941	18,756	2,630,959	—	—
1902	759,640	4,275	615,316	—	—

CONTENTNEA LIFE, WILSON, N. C.

1903	\$43,980	798	\$22,360	\$1,283	\$5
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EQUITABLE INDUSTRIAL, WASHINGTON, D. C.

1904	\$1,690,736	25,522	\$2,960,212	\$107,358	\$34,599
1903	1,665,414	23,304	2,692,699	95,425	24,401
1902	1,334,923	20,401	2,325,483	58,252	16,458

HOME, WILMINGTON, DEL.

1903	\$ 284,400	12,948	\$1,691,809	\$49,043	\$14,954
1902	1,104,223	12,842	1,448,963	48,487	15,867
1901	1,417,440	12,132	1,450,393	27,770	8,633
1900	1,551,079	5,146	920,980	18,523	6,063

INDUSTRIAL INSURANCE

TABLE II—Continued
IMMEDIATE BENEFIT, BALTIMORE, MD.

YEAR	NEW POLICIES IN THIS YEAR	POLICIES IN FORCE		PREMIUMS RECEIVED	PAYMENTS
		Number	Amount		
1904	\$1,233,420	15,002	\$1,210,675	\$71,432	\$18,086
1903	391,268	10,703	705,128	58,857	16,245
1902	421,318	7,587	509,131	54,990	14,253
1901	441,309	7,201	406,849	44,760	14,314
1900	139,535	5,131	228,512	43,763	14,004
1899	1,102,618	4,481	195,802	43,693	11,241
1898	1,488,774	13,651	1,006,704	62,483	19,991
1897	1,520,337	11,843	845,954	38,282	11,073

JOHN HANCOCK, BOSTON, MASS.

1904	\$61,840,600	1,474,399	\$233,069,767	\$13,622,350	\$3,971,330
1903	57,444,640	1,395,779	216,375,960	12,389,529	3,642,681
1902	68,137,409	1,312,630	200,294,696	10,914,984	2,964,953
1901	57,928,751	1,223,500	177,597,439	9,595,301	2,819,624
1900	52,060,760	1,152,444	159,893,856	8,252,341	2,554,905
1899	44,358,633	1,069,197	141,609,904	7,209,290	2,193,573
1898	37,936,626	956,382	124,923,200	6,512,804	1,874,015
1897	35,959,176	899,418	115,750,709	5,773,144	1,684,027
1896	30,871,080	835,351	105,040,047	5,217,207	1,643,708
1895	41,905,652	771,972	95,640,574	4,638,040	1,428,921
1894	33,146,067	681,802	82,876,338	3,862,056	1,213,607
1893	34,571,979	607,150	73,043,678	3,444,313	1,116,124
1892	29,326,680	556,435	65,428,121	2,914,498	1,005,507
1891	25,374,745	476,612	54,516,514	2,387,701	932,488
1890	23,083,151	402,147	45,772,709	2,002,644	811,688
1889	18,239,050	320,264	36,365,419	1,616,585	596,510
1888	15,953,123	256,574	29,943,052	1,317,374	473,843
1887	13,334,392	203,467	23,802,502	1,031,845	357,002
1886	10,748,152	148,850	17,805,910	815,750	306,938
1885	7,055,933	107,872	12,000,935	647,143	221,266
1884	4,752,613	80,629	8,940,275	547,058	206,460
1883	4,085,489	63,625	6,730,902	472,242	175,438
1882	3,718,902	48,568	5,096,488	415,537	194,053
1881	2,931,860	36,012	3,787,230	346,887	161,606
1880	5,483,431	30,702	3,139,018	336,198	172,570
1879	1,275,918	9,327	951,000	294,043	162,141

LIFE INSURANCE COMPANY OF VIRGINIA, RICHMOND, VA.

1904	\$11,788,596	358,541	\$37,710,901	\$1,680,411	\$512,105
1903	11,906,867	331,452	34,503,483	1,509,463	434,204
1902	12,437,338	302,839	30,303,815	1,338,518	392,997

TABLE II—Continued

LIFE INSURANCE COMPANY OF VIRGINIA, RICHMOND, VA.—Continued

YEAR	NEW POLICIES IN THIS YEAR	POLICIES IN FORCE		PREMIUMS RECEIVED	PAYMENTS
		Number	Amount		
1891	\$10,785,037	266,685	\$26,906,073	\$1,151,213	\$373,419
1890	9,102,616	237,283	23,239,844	1,087,272	370,429
1899	8,968,321	219,679	20,246,656	937,901	308,259
1898	12,318,555	194,951	18,373,119	852,028	252,025
1897	9,212,261	165,660	15,264,250	752,215	214,273
1896	10,613,052	149,672	13,778,199	712,932	222,987
1895	9,256,579	116,814	11,053,039	591,381	162,663
1894	8,140,705	99,618	9,647,707	551,794	160,003
1893	6,998,569	75,130	6,643,061	546,151	154,529
1892	6,272,217	69,527	6,230,224	475,520	120,496
1891	4,940,820	51,491	4,520,424	395,191	102,742
1890	3,000,115	32,927	3,589,720	234,547	88,795
1889	3,314,876	21,271	2,536,280	151,571	61,697
1888	2,619,276	15,193	1,076,377	127,049	39,291
1887	1,250,000	10,500	850,000	99,556	60,589

METROPOLITAN, NEW YORK, N. Y.

1904	\$305,258,155	7,614,729	\$1,127,880,229	\$50,808,924	\$14,826,976
1903	297,968,863	7,187,345	1,059,875,827	45,656,961	12,907,617
1902	312,990,338	6,698,291	981,676,306	39,653,725	11,320,967
1901	296,606,312	6,008,662	881,491,451	34,705,186	10,704,747
1900	264,737,682	5,327,067	768,977,676	31,210,356	9,785,624
1899	253,396,620	4,855,756	688,629,175	26,591,651	8,575,134
1898	210,508,694	4,317,274	591,427,272	23,372,770	7,691,943
1897	232,264,188	4,928,722	534,343,756	21,402,966	6,990,866
1896	169,820,543	3,643,569	454,068,004	19,306,196	6,903,256
1895	175,905,407	3,458,846	416,062,104	18,330,918	6,580,390
1894	294,270,451	3,559,165	423,514,171	16,827,016	5,747,823
1893	150,057,703	2,932,064	343,917,746	14,361,214	5,535,120
1892	127,222,470	2,715,414	305,451,576	12,511,078	4,898,382
1891	94,927,488	2,278,487	254,939,881	10,830,373	4,408,379
1890	100,852,802	2,996,595	231,115,440	9,390,927	3,746,478
1889	92,726,883	1,849,113	200,829,929	8,342,945	3,042,818
1888	91,242,946	1,632,642	176,533,142	6,810,110	2,550,105
1887	84,059,118	1,345,125	147,758,287	5,618,767	2,098,936
1886	72,783,721	1,066,875	119,560,339	4,438,096	1,566,514
1885	57,819,912	829,833	91,234,252	3,414,524	1,279,645
1884	59,505,421	670,999	71,965,635	2,811,816	970,590
1883	52,505,697	526,042	56,536,325	1,975,703	631,639
1882	36,822,169	335,789	34,679,307	1,246,515	360,314
1881	24,469,300	190,348	17,894,620	859,057	268,811
1880	20,728,700	110,193	9,103,870	568,204	200,805
1879	523,539	5,143	516,618	432,560	144,421

TABLE II—Continued
MUTUAL OF BALTIMORE, BALTIMORE, MD.

YEAR	NEW POLICIES IN THIS YEAR	POLICIES IN FORCE		PREMIUMS RECEIVED	PAYMENTS
		Number	Amount		
1904	\$2,016,918	35,730	\$ 3,559,495	\$207,443	\$84,075
1903	1,815,548	32,162	3,095,453	188,158	74,508
1902	1,684,671	28,093	2,641,356	165,322	57,119
1901	1,322,112	23,981	2,206,081	147,363	59,097
1900	1,217,455	20,855	1,872,030	128,201	43,822
1899	300,572	17,574	1,526,787	124,502	52,243
1898	1,454,344	10,015	1,479,304	119,286	44,355
1897	1,148,486	14,746	1,049,638	101,676	43,410
1896	550,013	8,155	621,108	93,471	32,192
1895	495,226	5,999	541,308	85,493	34,423
1894	387,993	4,340	446,501	73,225	31,792
1893	602,196	2,028	243,010	68,565	25,643
1892	440,989	2,856	391,856	62,691	21,493

PROVIDENCE LIFE, PROVIDENCE, R. I.

1904	\$108,450	2,012	\$301,600	\$ 5,173	\$3,225
1903	586,320	5,509	761,185	11,610	2,163
1902	548,840	4,818	654,378	8,107	1,824
1901	514,319	3,683	517,168	6,864	2,164
1900	301,270	1,973	310,711	3,604	1,215
1899	524,886	663	224,886	1,406	308

PRUDENTIAL, NEWARK, N. J.

1904	\$202,524,911	5,642,335	\$675,992,239	\$41,155,697	\$11,258,506
1903	190,386,294	5,176,456	613,935,910	36,028,402	9,812,458
1902	184,327,303	4,692,182	550,464,205	31,138,718	8,096,719
1901	191,712,877	4,290,539	498,127,133	26,681,757	7,411,428
1900	182,270,423	5,908,622	448,596,996	22,559,354	6,207,418
1899	165,760,248	3,406,189	389,039,257	19,028,792	5,420,758
1898	121,080,784	2,924,526	333,992,200	16,139,452	4,749,885
1897	112,371,379	2,658,700	303,770,952	14,551,868	4,342,562
1896	108,223,712	2,437,251	279,030,638	13,329,644	4,158,831
1895	124,374,407	2,330,741	268,414,100	11,892,766	3,846,754
1894	205,128,243	2,256,014	259,840,927	10,890,302	3,191,175
1893	128,208,941	1,941,533	218,199,566	9,084,844	2,893,708
1892	92,677,524	1,653,465	184,306,206	7,525,844	2,518,567
1891	72,966,176	1,360,383	150,758,907	6,413,283	2,079,669
1890	95,674,484	1,228,332	135,084,498	5,636,876	1,749,714
1889	73,576,853	1,099,312	117,357,415	4,442,833	1,327,856
1888	58,214,981	850,064	92,418,854	3,659,495	1,096,234
1887	60,202,194	736,909	81,694,088	2,942,257	853,819

TABLE II—Continued
PRUDENTIAL, NEWARK, N. J.—Continued

YEAR	NEW POLICIES IN THIS YEAR	POLICIES IN FORCE		PREMIUMS RECEIVED	PAYMENTS
		Number	Amount		
1886	\$49,142,316	548,433	\$59,328,627	\$2,114,296	\$593,273
1885	28,860,882	422,071	40,266,445	1,468,955	418,622
1884	24,892,268	324,794	28,545,189	1,127,738	322,382
1883	20,426,140	273,917	23,053,935	828,911	222,083
1882	11,541,210	196,007	15,738,973	571,595	157,705
1881	9,688,362	133,582	10,959,948	402,947	111,508
1880	8,555,904	87,462	7,347,892	250,958	57,256
1879	3,157,352	43,715	3,866,913	121,560	23,013
1878	1,785,066	22,808	2,027,888	59,817	11,338
1877	967,932	11,226	1,030,655	28,517	5,296
1876	727,168	4,816	443,072	14,495	1,958

WESTERN AND SOUTHERN, CINCINNATI, O.

1904	\$14,830,110	227,624	\$24,600,187	\$1,249,945	\$354,666
1903	14,161,533	209,623	22,223,035	1,113,699	295,369
1902	12,948,340	184,686	19,643,480	917,337	221,284
1901	10,878,524	155,096	16,426,534	722,605	203,896
1900	10,070,944	131,132	13,618,878	614,301	150,642
1899	8,370,729	117,545	10,881,961	508,900	122,494
1898	7,256,666	91,589	8,392,902	397,687	96,448
1897	4,980,043	71,301	6,619,653	320,996	79,169
1896	4,290,332	62,747	5,724,728	298,686	79,060
1895	4,573,492	56,960	5,294,381	246,807	66,087
1894	6,178,914	46,362	4,374,675	227,392	52,456
1893	3,830,862	41,296	3,691,843	183,415	44,336
1892	2,522,842	30,472	2,707,366	140,564	39,539
1891	2,661,930	24,638	2,329,936	101,397	26,944
1890	2,620,328	16,926	2,000,073	70,327	19,233
1889	2,505,945	11,348	1,537,430	43,518	10,837
1888	1,698,748	6,237	889,073	14,359	1,107

are not insignificant advantages, although we may think they cost too dear and may be better gained in other ways.

Pauper burials, although not an accurate measure of the distress of the period, reached an average rate of 20 per 10,000 of population. During 1881 to 1885 the rate for 18 cities was 18.5 against an average of 12.9 during the five years 1897 to 1901.⁸

⁸J. F. Dryden, *A Quarter Century of Industrial Insurance in the United States*, p. 8.

INDUSTRIAL INSURANCE

GENERAL SUMMARY

YEAR	No. OF COMPANIES	NEW POLICIES IN THIS YEAR	POLICIES IN FORCE		PREMIUMS RECEIVED	PAYMENTS
			Number	Amount		
1894	14	\$624,422,316	15,637,692	\$2,132,300,723	\$110,006,643	\$31,302,626
1893	15	596,510,565	14,600,502	1,977,185,534	98,063,490	27,408,191
1892	15	610,908,819	13,444,753	1,806,454,742	85,146,410	23,243,657
1891	15	598,593,825	12,333,459	1,640,398,546	74,660,060	22,003,402
1890	18	560,037,936	11,215,531	1,468,474,534	65,962,426	19,607,808
1899	17	519,706,085	10,048,808	1,292,812,402	56,159,889	17,023,485
1898	14	422,104,810	8,794,178	1,109,526,870	48,776,246	14,971,238
1897	12	415,338,614	8,000,636	995,545,736	43,619,310	13,526,315
1896	11	360,852,458	7,375,688	886,484,869	40,058,701	13,420,336
1895	11	380,832,362	6,943,769	819,521,573	37,008,536	12,398,782
1894	12	573,279,943	6,847,892	802,016,133	32,253,881	10,635,602
1893	11	344,301,223	5,748,195	661,568,502	28,311,386	9,955,865
1892	10	276,893,923	5,118,897	582,710,309	24,352,900	8,841,322
1891	9	218,138,800	4,302,427	481,060,716	20,654,980	7,725,328
1890	9	242,250,959	3,875,102	428,037,245	17,647,036	6,423,341
1889	8	201,787,017	3,352,708	364,483,382	14,760,691	5,086,233
1888	7	161,260,335	2,788,000	302,033,066	11,939,540	4,162,745
1887	4	158,845,704	2,290,001	254,104,877	9,692,425	3,370,346
1886	3	132,674,189	1,764,158	196,694,876	7,368,142	2,466,725
1885	3	93,736,727	1,360,376	144,101,632	5,530,622	1,919,533
1884	3	89,150,302	1,076,422	108,451,099	4,486,612	1,499,432
1883	3	77,017,326	863,584	86,321,162	3,276,856	1,029,160
1882	3	52,082,281	580,364	55,514,768	2,233,647	721,072
1881	3	37,089,522	359,942	32,641,798	1,608,891	541,925
1880	3	34,708,035	228,357	19,590,780	1,155,360	430,631
1879	3	4,956,809	58,185	5,334,531	548,163	329,575
1878	1	1,785,966	22,808	2,027,888	59,817	11,338
1877	1	967,932	11,226	1,030,655	28,517	5,296
1876	1	727,168	4,816	443,072	14,495	1,958
Total		\$7,797,291,727			\$845,385,672	\$260,069,267

Hoffman⁴ presents a study of pauper burials in ten cities (New York, Boston, Newark, Cincinnati, Baltimore, Indianapolis, Minneapolis, Cambridge, Worcester, and Charlotte), and finds that the rate of pauper burials in 100,000 population was, in 1880 to 1884, 210, and fell in 1895 to 1899 to 156, after the industrial companies had had time to establish the custom of burial insurance on a general scale. It is impossible to discover all the causes of this decrease,

⁴ *History of the Prudential Insurance Co.*, p. 308.

but we may admit a large influence from burial insurance. They have unintentionally rendered another service to the cause of a rational system of insurance which the future will develop; they have shown that voluntary systems are

TABLE III
FOR A PAYMENT OF 5 CENTS PER WEEK THE BURIAL BENEFIT PROMISED IS:

Age at Beginning of Payment of Premiums	Prudential Co.	Western and Southern	Age at Beginning of Payment of Premiums	Prudential Co.	Western and Southern	Age at Beginning of Payment of Premiums	Prudential Co.	Western and Southern	Age at Beginning of Payment of Premiums	Prudential Co.	Western and Southern
10.....	\$120	\$120	26.....	\$74	\$75	41.....	\$49	\$48	56.....	\$27	\$26
11.....	118	115	27.....	72	72	42.....	47	46	57.....	26	25
12.....	116	110	28.....	71	71	43.....	45	44	58.....	25	24
13.....	112	106	29.....	69	69	44.....	44	42	59.....	23	22
14.....	108	103	30.....	67	67	45.....	42	41	60.....	22	21
15.....	103	100	31.....	66	65	46.....	41	40	61.....	21	20
16.....	100	98	32.....	64	63	47.....	39	39	62.....	20	19
17.....	94	95	33.....	62	61	48.....	38	37	63.....	19	18
18.....	92	92	34.....	60	59	49.....	37	35	64.....	18	17
19.....	89	90	35.....	59	58	50.....	35	34	65.....	17	16
20.....	87	88	36.....	57	56	51.....	34	33	66.....	16	15
21.....	84	85	37.....	55	54	52.....	32	32	67.....	16	14
22.....	82	83	38.....	54	53	53.....	31	31	68.....	15	13
23.....	80	81	39.....	52	51	54.....	30	30	69.....	14	12
24.....	78	79	40.....	50	49	55.....	28	28	70.....	13	11
25.....	76	77									

TABLE IV
BURIAL MONEY AT DEATH OF CHILD, PAYABLE IF POLICY HAS BEEN IN FORCE
THE TIME STATED*

Age	Under 3 Mos.	Under 6 Mos.	Under 9 Mos.	Under 1 Year	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years
2.....	\$ 8	\$10	\$12	\$15	\$ 17	\$ 20	\$ 24	\$ 29	\$ 55	\$ 80	\$100	\$120
3.....	9	11	14	17	20	24	29	51	75	100	120	...
4.....	10	13	16	20	24	29	47	70	100	120	...	...
5.....	11	14	18	24	29	43	65	95	120	...	...	...
6.....	12	16	22	29	39	60	90	120	...	...	...	...
7.....	14	19	26	35	55	85	120	...	...	...	...	...
8.....	16	22	35	50	80	120	...	...	...	...	...	...
9.....	20	28	50	75	120	...	...	...	...	...	...	...

* John Hancock Life Insurance Co. of Virginia, and the Prudential.

costly and inadequate and that in all probability obligatory measures alone will bring such benefits within the power of low-paid workmen. But while we may try to be just to the companies, and may admit that they have responded to a universal demand of wage-earners, we have still to inquire

TABLE V

PREMIUMS AND PAYMENTS OF THE "PRUDENTIAL COMPANY OF AMERICA"
POLICY OF ADULTS, ENTAILING A WEEKLY PREMIUM OF:

Age	5 Cts.	10 Cts.	15 Cts.	20 Cts.	25 Cts.	30 Cts.	35 Cts.	40 Cts.	45 Cts.	50 Cts.	55 Cts.	60 Cts.	65 Cts.	70 Cts.	Burial Benefit
10.....	\$120	\$240	..	..	..	..	..	..	..	..	..	..	..	..	..
11.....	118	236	..	..	..	..	..	..	..	..	..	..	..	..	..
12.....	116	232	\$348	..	..	..	..	..	..	..	..	..	..	..	..
13.....	112	224	336	\$448	..	..	..	..	..	..	..	..	..	..	..
14.....	108	210	324	432	..	..	..	..	..	..	..	..	..	..	..
15.....	103	200	309	412	\$515	..	..	..	..	..	..	..	..	..	..
16.....	100	200	300	400	500	..	..	..	..	..	..	..	..	..	..
17.....	94	188	282	376	470	\$564	..	..	..	..	..	..	..	..	..
18.....	92	184	276	368	460	552	..	..	..	..	..	..	..	..	..
19.....	89	178	267	356	445	534	\$623	..	..	..	..	..	..	..	..
20.....	87	174	261	348	435	522	600	..	..	..	..	..	..	..	..
21.....	84	168	252	336	420	504	588	\$672	..	..	..	..	..	..	..
22.....	82	164	246	328	410	492	574	656	..	..	..	..	..	..	..
23.....	80	160	240	320	400	480	560	640	\$720	..	..	..	..	..	..
24.....	78	156	234	312	390	468	546	624	702	..	..	..	..	..	..
25.....	76	152	228	304	380	450	532	608	684	\$760	..	..	..	..	..
26.....	74	148	222	296	370	444	518	592	666	740	\$814	..	..	..	..
27.....	72	144	216	288	360	432	504	576	648	720	702	..	..	..	..
28.....	71	142	213	284	355	426	497	568	639	710	781	\$852	..	..	..
29.....	69	138	207	270	345	414	483	552	621	690	759	828	..	..	..
30.....	67	134	201	263	335	402	469	530	603	670	737	804	..	..	..
31.....	66	132	198	264	330	390	462	528	594	660	726	792	..	..	..
32.....	64	128	192	256	320	384	448	512	576	640	704	768	..	..	..
33.....	62	124	186	248	310	372	434	496	558	620	682	744	..	..	..
34.....	60	120	180	240	300	360	420	480	540	600	660	720	..	..	..
35.....	59	118	177	236	295	354	413	472	531	590	649	708	..	..	..
36.....	57	114	171	228	285	342	399	450	513	570	627	684	..	..	..
37.....	55	110	165	220	275	330	385	440	493	550	605	660	..	..	..
38.....	54	108	162	210	270	324	378	432	486	540	594	648	..	..	..
39.....	52	104	156	208	260	312	364	410	468	520	572	624	..	..	..
40.....	50	100	150	200	250	300	350	400	450	500	550	600	..	..	..
41.....	49	98	147	196	245	294	343	392	441	490	539	588	..	..	..
42.....	47	94	141	188	235	282	329	370	423	470	517	564	\$611	..	..
43.....	45	90	135	180	225	270	315	360	405	450	495	540	585	..	..
44.....	44	88	132	176	220	264	303	352	390	440	484	528	572	..	..
45.....	42	84	126	168	210	252	294	336	378	420	462	504	546	\$588	..
46.....	41	82	123	164	205	246	287	328	360	410	451	492	533	574	..
47.....	39	78	117	156	195	234	273	312	351	390	429	468	507	546	..
48.....	38	76	114	152	190	228	266	304	342	380	418	456	494	532	..
49.....	37	74	111	148	185	222	250	290	333	370	407	444	481	510	..
50.....	35	70	105	140	175	210	245	280	315	350	385	420	455	490	..
51.....	34	68	102	136	170	204	238	272	300	340	374	408	442	..	..
52.....	32	64	96	128	160	192	224	256	288	320	352	384	416	..	..
53.....	31	62	93	124	155	186	217	248	270	310	341	372	403	..	..
54.....	30	60	90	120	150	180	210	240	270	300	330	360	390	..	..
55.....	28	56	84	112	140	168	196	224	252	280	308	330	364	..	..
56.....	27	54	81	108	135	162	180	210	243	270	297	..	..	..	..
57.....	26	52	78	104	130	156	180	203	234	260	280	..	..	..	..
58.....	25	50	75	100	125	150	175	200	225	250	275	..	..	..	..
59.....	23	46	69	92	115	138	161	184	207	230	253	..	..	..	..
60.....	22	44	66	88	110	132	154	176	198	220	242	..	..	..	..
61.....	21	42	63	84	105	126	147	168	180	..	..	..	..	..	..
62.....	20	40	60	80	100	120	140	160	180	..	..	..	..	..	..
63.....	19	38	57	76	95	114	133	152	171	..	..	..	..	..	..
64.....	18	36	54	72	90	108	126	144	162	..	..	..	..	..	..
65.....	17	34	51	68	85	102	110	..	..	..	..	..	..	..	..
66.....	16	32	48	64	80	96	112	..	..	..	..	..	..	..	..
67.....	16	32	48	64	80	96	112	..	..	..	..	..	..	..	..
68.....	15	30	45	60	75	90	105	..	..	..	..	..	..	..	..
69.....	14	28	42	56	70	84	98	..	..	..	..	..	..	..	..
70.....	13	26	30	52	65	78	91	..	..	..	..	..	..	..	..

See footnote (*).

* One-fourth of the death benefit in the first six months; one-half of death benefit in the second six months; full benefit after one year of insurance.

whether the good has not been purchased at too great a price, and whether a more economical system is not possible. The premiums are relatively high and the benefits extremely

TABLE VI
INFANTILE TABLE ENTAILING A WEEKLY PREMIUM OF 5 CENTS*

PAYMENTS AFTER FOLLOWING PERIOD	AGE AT TAKING OUT POLICY								
	2	3	4	5	6	7	8	9	
Under 3 Months	\$ 8	\$ 9	\$ 10	\$ 11	\$ 12	\$ 14	\$ 16	\$ 20	
3-6 Months.....	10	11	13	14	16	19	22	28	
6-9 "	12	14	16	18	22	26	35	50	
9-12 "	15	17	20	24	29	35	50	75	
1 Year.....	17	20	24	29	39	55	80	120	
2 Years.....	20	24	29	43	60	85	120	...	
3 "	24	29	47	65	90	120	...	...
4 "	29	51	70	95	120	...	...	...
5 "	55	75	100	120	...	...	...	...
6 "	80	100	120	...	...	...	...	...
7 "	100	120	...	...	...	...	...	...
8 "	120	...	...	...	...	...	...	...

* A weekly premium over 10 cents is not collected.

TABLE VII
PREMIUM FOR ADULTS ON A POLICY CARRYING A \$500 DEATH BENEFIT*

Age	Weekly Premium	Age	Weekly Premium	Age	Weekly Premium
	Cents		Cents		Cents
15 Years	24	27 Years	35	39 Years	48
16 "	25	28 "	35	40 "	50
17 "	27	29 "	36	41 "	51
18 "	27	30 "	37	42 "	53
19 "	28	31 "	38	43 "	56
20 "	29	32 "	39	44 "	57
21 "	30	33 "	40	45 "	60
22 "	30	34 "	42	46 "	61
23 "	31	35 "	42	47 "	64
24 "	32	36 "	44	48 "	66
25 "	33	37 "	45	49 "	68
26 "	34	38 "	46	50 "	71

* During the first six months \$125; \$250 during the second six months, and full benefit (\$500) after one year of insurance.

low. The poorer wage-earners must content themselves with extremely small returns for their enormous sacrifice. Numerous workers in charitable societies complain that after

the burial fees are paid there is nothing left for savings; that while thrift may be cultivated in one direction the benefits paid at death in a lump sum lead almost universally and inevitably to extravagant funerals and display, so that the insurance company, their agents, and the undertakers profit by the losses of those who can least afford such expenditures. President Hegemann has stated that in 86 per cent. of cases investigated the expenses of sickness and burial exceeded the benefits paid, and that the average sum paid on infantile policies in the year 1897 was only \$25.83.

A very material consideration in this connection is that while the burial-benefit companies absorb the greater part of the available resources for insurance purposes in families of small income, they by no means cover all the insurance needs of such families and, perhaps, not the most pressing. The attempt was made in the earlier history of these companies to provide sickness insurance, but the effort failed and had to be abandoned. President Dryden, in his account of this movement, says that a company which has its business scattered over a wide territory, and must act through salaried agents, cannot undertake sickness insurance, and that this form of insurance is possible only in brotherhoods or small groups where the members know each other and can detect and discipline malingeringers.⁵ In the same way it can be shown that this form of organization cannot conduct accident insurance, without radical changes of method; and, indeed, it would be grossly unjust, as we have elsewhere shown, to lay this burden on the poorly paid employees. We must conclude, therefore, that these companies are restricted to a very limited field of industrial insurance, that they render a necessary service at enormous and burdensome cost, and that this cost is so heavy as to hinder both savings and insurance of a desirable kind.

⁵ *Inception and Early Problems of Industrial Insurance*, pp. 16, 23.

A recent and valuable study of the operation of certain companies not named has been published in *Bulletin 67* of the Bureau of Labor, November, 1906, by Mr. S. E. Forman. In this intensive study of a particular city we see the working and effect of the system at large, although here some of the worst features appear in aggravated form. Washington, as the capital city, has few manufactures and relatively a large number of personal servants and persons employed in ministering to personal convenience of visitors and residents. The ratio of poorly paid negroes living on fluctuating income, with high rate of sickness and mortality, is very large, and their housing conditions are generally bad. Among these the industrial insurance companies which raise funds by levying assessments are popular. The assessment companies are not akin to the fraternal societies elsewhere discussed, but are companies for profit of the directors and stockholders. They are distinguished also from the industrial-insurance companies considered already in the fact that they carry on sickness and accident insurance with burial benefits added. They are not legally required to carry a reserve fund; they collect the premiums by the costly method of weekly visits, or sometimes by monthly visits; and the contract permits them to levy assessments to meet deficits, although in fact competition with other companies prevents them from exercising this right under ordinary circumstances; if the weekly premium is five cents then the yearly premium will be about \$2.60. The policy promises sickness, accident, and death benefits, although the forms of contracts are varied. Twelve of these companies, on December 31, 1903, had in force 28,921 policies of this type. Forman has shown that those insured in these companies must pay very dearly for their insurance—at least 75 per cent. more than those insured in the regular companies, and also more than those insured in the ordinary

industrial insurance companies which offer accident and sickness benefits. If we compare the insured in the assessment companies with those insured in the regular companies we find the rate of loss in excessive premiums. We may cite the conclusions:

The price of regular industrial insurance in all of its forms has been seen to be very much higher than that of ordinary insurance. An analysis of the insurance business of the District of Columbia for 1903 furnishes some measure of the losses to the policy-holders resulting from the purchase of life insurance on the weekly payment or industrial plan when compared with the cost of ordinary insurance. The rate of premiums charged differs according to the form of the policy, but an examination of the several tables which have been given would seem to justify the statement that on the average the charge for regular industrial insurance is at least 75 per cent. higher than that for ordinary insurance. If the amounts collected for premiums for the regular industrial policy-holders (\$864,059.61) could have been paid in annual payments and could have purchased insurance at the rates charged by the ordinary companies, \$40,250,227 would have been secured by the industrial policy-holders instead of \$23,000,130, the amount actually secured under the industrial plan. This represents an apparent loss in insurance protection to the industrial policy-holders of \$17,250,000, or, if it be measured in premium payments, an apparent loss of over \$370,000 upon premium payments of the year.

If now we turn to the combination schemes offered by the assessment companies we find that similar policies of ordinary companies furnish 300 per cent. more insurance for the same money. Placing the ascertained facts together for the poorest people of Washington, we may accept this estimate of loss:

Losses measured by amount of insurance carried—

a) Regular industrial insurance	\$17,250,000
b) Assessment industrial insurance	3,375,000
Total	\$20,625,000

Or, if the losses be measured in premium payments made during the

year in excess of what would have been required to purchase the same amount of insurance if the premiums could have been paid in yearly payments in ordinary companies, they may be expressed as follows:

Losses measured by excessive premiums—

a) Regular industrial insurance	\$370,000
b) Assessment industrial insurance	120,000
Total	\$490,000

Of course the facts set forth above tell nothing about the reasonableness or unreasonableness of the cost of either ordinary insurance or of industrial insurance. They simply show what the cost of industrial insurance is and how much greater that cost is than the cost of ordinary insurance, and illustrate, as did the study of conditions of living among the poor, that the smaller the earning power of a wage-earner, the smaller also is the purchasing power of each of his dollars.

The facts already recited have long been familiar to students and to visitors among the poor of our cities, and many schemes for mitigating the evils have been debated, thus far without result. The older counsel was to encourage saving deposits and to assist the people to utilize very small savings for this end. But to this plan there are very grave objections, since it is an attempt to lay the burden of industrial risk altogether on the poor and compel them to carry the accident insurance burden which all admit should be borne by the business which causes the risk. Furthermore the sum which can by any possibility be saved by unskilled workpeople is utterly inadequate at any time and especially during the first years of married life when the expense of rearing children increases and consumes all earnings.

The chief causes of the extravagant insurance premiums to the poor are: (a) the unfair part of the receipts from premiums and interest which is kept by the chief officers of the companies from the dividends of the insured; (b) the excessively high salaries of the officers of administration; (c) above all the fees to agents for soliciting insur-

ance under the weekly collection plan. The first and second causes of waste may be to some extent reduced by the legislative and administrative action of the states, by publicity of accounts, and by inspections and rules of management. But not in any such direct way can political means reduce the third and most important cause of waste of the contributions of low-paid workingmen. If we are ever to place the business of industrial insurance on a fair and economic basis the agent must be dismissed; all other means of relief are relatively insignificant. Assuming that every director is honorable, that expenses of administration are reduced to a minimum, that the agents themselves are paid a mere pittance, yet the system itself must necessarily absorb a very great sum from the hard-won earnings of the working-people. This argument has been urged by the advocates of the savings-bank method of industrial insurance in Massachusetts. A society⁶ has been formed in Boston for the purpose of securing legislation permitting the savings banks to go into the life-insurance business; and the necessary law has been passed. Among the founders of this association are numbered men of education, philanthropy, and business standing; some of them would be glad to help introduce compulsory insurance in some form, but are discouraged from making efforts in that direction by the apathy of the public, the failure of the bill offered in 1904, and by the constitutional and economic obstacles which confront all such attempts in this country. Some of the savings banks have declared their readiness, in case they are empowered by law, to try the proposed experiment. Under the plan proposed there would be no expense of solicitation by agents; the commodity would be offered, and then the banks would depend on the education of the people to induce them to take advantage of the opportunity of insuring them-

⁶ The Savings Bank Insurance League.

selves at bare cost. It is argued by the friends of this movement that the savings banks not only in Massachusetts but elsewhere have won the confidence of the country by their honest and careful management of the deposits, and in some instances the administrators, with the exception of a few salaried officers, perform their duties without charge and for the public good. Thus the savings banks, especially in Massachusetts, seem to be the most promising agencies for cheap insurance.

On the other hand the representatives and managers of the regular, orthodox life-insurance companies think they have discovered the Achilles-heel of this scheme. They assert that comparatively few persons, least of all the very poor who most need relief, can be induced to apply voluntarily for insurance without the persistent labor of agents. The employment and payment of agents is a necessary and legitimate expense, since without it working-people must go without the needed benefits. It is asserted by these advocates of present methods that the founders of the new association, however estimable and amiable, must lack knowledge of the business and the history of life insurance, that they are mere theorists and impractical. In support of this contention they cite the experience of the British companies who have tried a similar scheme, the old Equitable, the London Life, and the Metropolitan of London. Still more striking is the example of the industrial insurance societies whose purpose is to guarantee burial money for working-people. The British Post-office Department has offered small policies for forty years at low cost. These policies are written at local post-offices and the premiums may be paid in weekly instalments. At the end of the year 1904, after forty years' trial, the government insurance office had in force only 12,875 policies of this kind; while the Pearl Life Assurance Co. of London, which began

operations only a year earlier than the post-office, had in force 2,320,463 policies, and the Refuge Assurance Co. of the same age as the Pearl, had 2,628,650 industrial policies in force. The Prudential Assurance Co. of London, only a little older than the post-office department of insurance, had in force at the end of the year 1904 between fifteen and sixteen million policies. During the year 1904 the post-office, with its 23,068 branch offices wrote only 517 new policies. The Prudential of London in the same year wrote 71,700 industrial policies. The conclusion of these experts and representatives of the insurance companies therefore virtually is that there is no relief for the working-people; the only outlook is that they must continue to bear this heavy burden.

Of course the philanthropists of Massachusetts may be able to set in motion educational agencies to reverse this condition and win customers to their savings-bank insurance companies. Already the powerful associated charities are considering methods of co-operation with the insurance associations; and with their fine organization of friendly visitors they might accomplish much; how much, only trial can reveal. But in any case these associations must still leave the great problems of accident and sickness insurance at one side; they cannot solve these problems, for only compulsory insurance can ever, at one stroke, make insurance even general.

A recent authoritative statement regarding the Massachusetts old-age annuities, has been made by Louis D. Brandeis:⁷

The American Federation of Labor has always striven to make the American wage-earner independent. With this end in view its members strongly urged upon the Massachusetts legislature last year the passage of the savings-bank insurance and annuity bill already

⁷ *American Federationist*, Aug., 1908, p. 595.

discussed in the *American Federationist*. That act has now been put into operation. The Whitman Savings Bank opened its annuity and insurance department June 18, 1908. The People's Savings Bank of Brockton, of which ex-Governor Douglas is president, will soon follow and a wide extension of the movement is expected.

The movement rests upon this economic truth long ignored, but now gaining general recognition: Wages to be "living wages" must enable the workingman to make adequate provision for the future. Wages are not "living wages" if they provide merely a sum sufficient to pay for adequate food, shelter, clothing, education, and recreation. They must leave a surplus which, if properly used, will provide for the contingencies of the future—for superannuation or premature death as well as against accident, sickness, or unemployment. The "cost of living" includes the daily pro rata of such sum as is necessary to make this provision for the future. Its cost is a fixed charge upon the workingman's living. If he does not pay it by setting apart every week or month a proper contribution from current wages he or those dependent upon him must eventually become a burden upon family or friends or the community.

The recognition of this economic truth is leading to a demand in nearly every industrial country for some old-age provision for wage-earners. Germany adopted a quarter of a century ago a compulsory system of old-age insurance, the burden to be divided between employer, employee, and the state. England having meanwhile ignored this economic truth is being driven now to an old-age pension resting upon general taxation—a modified form of pauper relief. Massachusetts aims to pursue a policy more in harmony with her traditions and American institutions. She seeks to secure for her wage-earners voluntary, not compulsory, old-age insurance, to make her superannuated workingmen independent instead of dependent, to relieve instead of further burdening general taxation.

Massachusetts is undertaking to make saving popular by insuring to the saver everything his money can earn. Under her new system the terrible waste of insurance solicitors' and collectors' fees, of high salaries, and of exorbitant dividends to stockholders, which characterize the industrial insurance companies, will be avoided. Annuities and life insurance will be furnished to the wage-earners at the lowest possible cost. The only dividends will be those paid to the policy holders, who will get their equitable share of all the profits of the business.

The Massachusetts state actuary in a pamphlet entitled "Who Will Pay Your Wages When You Are Old and Gray?" shows clearly how the savings banks will supply this great need of the wage-earner. Extracts follow:

"THREE THINGS NECESSARY

"There are three things that every man should do:

"First, Save enough money to take care of himself in his old age.

"Second, Save enough money to take care of his family in case he dies.

"Third, Save enough money to take care of himself and family in case he or one of the family is sick.

"By means of the savings banks you have been able to save money for object No. 3, but what about the other two?

"There is only one way by which you can do both of those things at one and the same time. That is by buying an insurance and annuity policy, and the only place for wage-earners to get such a policy is in one of the savings banks of Massachusetts."

The insurance and annuity policy is then explained thus:

"This policy provides that you deposit with the bank a small premium each month until your sixty-fifth birthday.

"The bank, after you attain the age of sixty-five years, will pay you a certain sum of money every year during your life, or in case of your death prior to that time, a certain sum of money will be paid to your family at your death.

"For example: Suppose you are twenty-one years old on your next birthday. You deposit with the bank \$1.13 every month until your sixty-fifth birthday.

"The bank, on your attaining the age of sixty-five years, will pay you \$100 every year during your life, or, in case of your death before that time, the bank will pay \$500 to your family at your death.

"Furthermore, your policy will receive its share of the profits earned by the insurance department of the bank.

"Here is a policy just suited to your needs. It will help to take care of you after your working days are done as no other means can.

"Regularly once a year, after you are sixty-five years of age, the bank will deposit one hundred dollars to your account in the savings department where it will earn interest, and from which you can draw each week enough money to pay for your needs.

"Besides doing all that, it protects your family in case of your death until you are sixty-five years of age, when the annuity begins.

"A young man can buy this policy for less money than he can buy a life policy in an insurance company that employs house-to-house collectors.

"Suppose you are twenty-five years old and pay to the savings bank \$1.30 each month and your neighbor who is the same age pays \$1.35 each month to the insurance company.

"When you reach the age of sixty-five, you will have no more deposits to make. Instead of making deposits you will begin to receive an annuity of \$100.

"While you are enjoying the fruits of your saving, your neighbor will still be paying \$1.35 every month to the insurance company and he will have to continue paying this amount until he is seventy-five years old.

"Which would you rather be, your neighbor or yourself?

"If he takes out a policy at eighteen, paying \$1 premium a month, he will get, in case of death before sixty-five, at least \$496. If he lives longer he will get \$99 a year, beginning at age sixty-five and continuing until he dies. He may get considerably more; for he gets besides the fixed amount of insurance his share of the profits."

While the Massachusetts insurance and annuity act prohibits the savings banks from employing solicitors and collectors, it provides in the completest manner for the establishment of agencies through which annuities and insurance may be secured and premiums and benefits be paid. It is proposed that the opportunities for saving money should be made, if possible, as numerous and as convenient as the opportunities for spending it. Not only may each savings bank become an agent for others, but agencies may be established in factories or stores and by other organizations.

Widespread education as to the advantages of the system are, of course, essential to its success. But in this necessary work of education long strides have already been taken. The enlightening campaign which preceded the passage of the act resulted in a wide discussion of the subject in every part of the state. Nearly 300 labor unions joined in the effort to secure the requisite legislation.

The presidents of the state branch of the American Federation of Labor, of the Boston Central Union, and the International Textile Workers' Union—thus representing Massachusetts' leading industries—were among its most enthusiastic supporters. The movement is

thus assured of a broad sympathy from the wage-earners. It has secured the same cordial support from employers, from social workers, and other public spirited citizens.

The efficient administration of the new law is assured. It is under the general supervision of the trustees of the general insurance commissioner; and the savings insurance and annuity banks are under the general supervision of the trustees of the general insurance guaranty fund. The members of this board are appointed by the governor from among the trustees of the savings banks. They are men of influence and ability and are filled with zeal for this important work.

Another Massachusetts scheme seems to deserve notice in this connection, although the corporation has not yet begun active operations. The statement is furnished by the actuary, Mr. M. C. Bradley, and the names of the incorporators are representative of New England intelligence, integrity, and philanthropy.

STATEMENT OF THE ORGANIZATION AND PLANS OF THE MUTUAL DIRECT LIFE INSURANCE SOCIETY OF BOSTON

The Mutual Direct Life Assurance Society of Boston was incorporated by special act of the Massachusetts legislature (chap. 368, 1907; chap. 88, 1908). The principal provisions of the charter are: that the society shall have a paid-up capital of \$200,000, and a paid-in surplus of \$100,000, all of which, until retired, shall be entitled to cumulative dividends from earned surplus at a rate not to exceed 5 per cent. per annum; that the capital and surplus shall be retired, making the society purely mutual, as soon as it can be, and still leave a surplus of \$100,000; that the society shall not employ any person to solicit business or to make house-to-house collections of premiums; that it may appoint correspondents, establish offices, and adopt means for the receipt of applications for assurance and for the deposit of premiums and annuity payments; and that, except as provided in the act of incorporation, the society shall be amenable to all the assurance laws of Massachusetts.

Renewal premiums may be deposited with the correspondent who is most convenient, or may be sent by mail to the society direct. So

that not more than one visit need be made to the office of a correspondent. Indeed, those who wish may conduct by mail all the negotiations except, in the case of life assurance, the medical examination.

As the growth of the society warrants, branch offices will be maintained in the different states, in charge of salaried managers who will instruct the correspondents, explain the plans of the society to social and labor organizations, and to the employers of labor.

In the Mutual Direct the chief officers will receive at most only nominal salaries. So that the society can safely reduce the premiums for life assurance at least 10 per cent. on the average, grant surrender values from the first year, and still return to policy-holders dividends, so called, as large as, or larger than those being paid by the best managed agency companies.

With the patronage of those who carry policies in amounts from \$1,000 up to really large sums, the society will merit the favorable consideration of the officers of wage-workers' societies and trade-unions, and of employers of labor. They will appreciate the stamp of approval that that patronage represents. They can, with propriety, and will, it is believed, be inclined to secure proportionate benefits from the society for their members, or for their employees.

To these will be especially attractive the society's plans for annuities. It is proposed to issue, besides the usual immediate and deferred annuities, a contract for an annuity becoming due nominally at age 70, but which may be entered upon at any earlier age, whenever the annuitant elects, the amount being equitably reduced. The contract will provide that payments, within certain limits, may be made at any time, the total annuity at age 70 (or at the earlier ages) being correspondingly increased by each such payment. Tables printed in the contract will show what annuity at age 70 can be purchased by the deposit of any specified amount at any specified age; and in what proportion the annuity will be reduced by being entered upon at any age earlier than 70.

The organization can be used by employers in any state for the purpose of providing pensions for employees. Each year's revenues are charged only with the amount that year's business warrants. The pension of the employee is certain and of a definite amount, not contingent on the future policy of his employer or upon the future prosperity of the

business; and the employee is not bound by financial interest to any particular employer. The plans and rates are not ready for publication at the time of writing.

II. CASUALTY INSURANCE COMPANIES

In the absence of social organization by the states, certain accident insurance companies have entered into competition with trade unions and mutual benefit societies to furnish the desired accident and sickness insurance for wage-earners. We have not yet at hand satisfactory statistics of the operations of these companies, and we are told by some of them that they dare not let rival companies even see their reports on account of the exigencies of competition. The reports which have been published do not always distinguish the economic classes of their clients, and so do not inform us what number of wage-earners are included. Skilled artisans and well-paid mechanics may be able to pay for a fair amount of accident and sickness insurance, but the rates are prohibitive for those on bare living-wages, and these are in the great majority. Even when insurance is taken there is common and growing complaint that the contracts are narrow and narrowly interpreted in settlements. Thus it is claimed that many diseases are included which rarely occur and many omitted which are very common; so that in reality more is promised than is paid. It is asserted that there are so many technical clauses modifying the agreements that no man can know in advance what his claim actually is. But the need of insurance is so widely and keenly felt, and the misery of being without protection is so intolerable, that the business of these companies is growing and is already considerable. Not seldom the employers are disposed to assist the introduction of this form of insurance in their establishments, since they know its value to the men and realize that men who are insured are somewhat

less inclined to sue for damages in case of injury if they have some benefits coming in during disability. The companies began with accident insurance, but the demand for sickness insurance led some companies to offer this and competition is driving other companies to follow their example.

The workmen's collective policy.—The essential feature of this plan is to include all the employees of a firm or corporation in a single contract which insures them against loss by reason of accident or accident and sickness. The employer pays a premium which is based on the number of employees, the hazard of the occupation, and the amount of wages. The insurance company agrees to pay indemnities according to a graduated scale. Then the employer makes a contract with his employees according to which he is authorized by them to retain a weekly sum from their wages to reimburse him for payment of premiums. Rarely, the employer pays a part or even all the premiums himself without taking anything from wages. The premium advanced is based provisionally on the estimated number of workmen and the amount of wages for the coming year; if at the end of the year it appears that the force has been increased a supplementary sum must be paid the company insuring; and if the pay-roll shows that the premium advanced was too large the insuring company returns the excess. The employer acts as trustee of the men and is paid for his trouble usually 5 per cent. for cost of collecting premiums. If, as sometimes happens, the employer insures himself against damage suits, another 5 per cent. is deducted from the premium. Both forms of insurance may be covered in one policy. This form has suggested some of the features of the bill proposed by the Illinois Industrial Insurance Commission.

A few examples are given of various forms of insurance

of large numbers of employees. The General Accident Insurance Company of Philadelphia deposits \$100,000 with the Pennsylvania Insurance Department to give a guarantee of all contracts. In its industrial department it writes policies for workingmen's indemnity, which it describes as a collective policy issued to the employer as trustee for his employees, furnishing health and accident insurance for monthly premiums, paying monthly benefits to employees for loss of time caused by accident, not to exceed fifty-two consecutive weeks, no matter when or how the accident happens, whether in factory, going to or from work, or on recreation. Substantial benefit is paid if the insured is killed by accident, or for the loss of one or more limbs or eyes. Sick benefits are paid for every disease to which flesh is heir, while the insured is confined to the house, after the policy has been in force thirty days for a limit of six months, with the exception of rheumatism, paralysis, tuberculosis, Bright's disease, for which full indemnity is paid for a limit of two months in any one year. In addition, full medical or surgical attention is given, whether disabled or not. Inducements are offered to the employers to encourage the introduction of their plan in shops and mills. The language of the advertisement is quoted:

This form of insurance is 50 per cent. cheaper than any other form of workmen's collective insurance that has ever been offered. We save from 25 to 50 per cent. on the cost of your employers' liability insurance by introducing this form of insurance in your plant.

In the policy occurs a clause which shows how cost of employers' liability is reduced:

The acceptance by an employee, or any other person who may be entitled thereto, of a benefit under this policy for injury or death of the employee, shall operate as a release of all claims for damages against the assured arising from such injury or death which could be

made by or through the employee, or any other person, and the person so accepting the benefit shall execute such further instruments as may be necessary formally to evidence such acquittance.

This form of policy is increasingly objectionable to workingmen, particularly where the employer contributes little or nothing to the premium, and it is becoming every day more unpopular. The workmen declare that it is unjust to ask them to make heavy sacrifices in loss of a portion of wages to build up a fund for insurance and then deprive them of enjoying it in case of injury unless they sign away their common-law rights to sue the employer for damages due to his negligence. This objection would lose its point if the employer contributed a sum substantially equal to that he must pay to protect himself from loss under the liability law.

The New Amsterdam Casualty Co. has had some experience with industrial insurance of the kind under consideration. The agreement with the insured is to indemnify against loss from bodily injuries sustained by an employee or employees of the insuring employer through external, violent, and accidental means, while actually engaged in the occupations and at the places mentioned in the schedule, and resulting from the operation of the trade or business described in the schedule. The president of this company says of this form of policy:

Workmen's collective insurance is wholesale accident insurance, the policy running to the employer, and the protection thereunder being for the workmen whether the employer be legally liable for the injuries or not. In some cases the employer assesses the premium back on the men by deducting all or part of it from the wages, a certain percentage being deducted on each pay day. The insurance company, however, assumes the full burden of reimbursing the men for injuries such as are covered by the policy.*

* Letter of Mr. W. F. Moore, April 27, 1906.

The net premiums of this company by years have been as follows:

Year	Premiums
1899.....	\$ 2,322.97
1900.....	13,618.10
1901.....	4,757.13
1902.....	4,355.18
1903.....	3,156.46
1904.....	2,381.75
1905.....	3,269.15

	\$33,860.74

Insurance of individual workmen.—Some of the casualty companies do not attempt to do business among working-men but confine themselves to selected risks with persons of larger income who pay yearly and thus receive the benefit of lower cost for administration and for being in a less hazardous class. Companies which insure working men must, as a rule, collect the premiums monthly in small amounts. This increases cost of solicitation and collection which must be charged in the premiums. And since the policy must be renewed each year the cost of solicitation is still more increased. Under the plan of insuring individual workmen the company deals with the insured more or less directly, although arrangements are sometimes made with employers to collect the premiums, in which case the collective form is closely approached. Sickness insurance is usually connected with accident policies and cannot otherwise be obtained.

The Standard Life and Accident Insurance Co. of Detroit, Mich., may be used for illustration. (*Vide* Instructions of March, 1906.) This company employs agents to solicit business, and it has local agents in towns and cities, not for the purpose of calling upon the policy-holders but for furnishing convenient means of collecting premiums.

A drug store is preferred for a local agency because it is open in the evening. A commission of 5 per cent. is allowed the collector for receipting and remitting the premiums of policy-holders. Women between the ages of eighteen and forty-five engaged in occupations from which they derive a regular income, and on which they depend for support, will be granted insurance in the sum of \$25 per month accident and illness indemnity, with \$200 accidental death insurance for a premium of \$1 per month. Those desiring larger indemnities must be classified according to occupation and pay a premium 50 per cent. higher than that specified in the rate table. In no event will they be written for more than \$50 per month accident and \$40 per month illness benefit, nor to exceed three-fourths of their average income. Over-insurance is avoided in all cases. The indemnity should not exceed three-fourths of the average actual money value of the insured's time, or of the amount of his monthly salary or wages. The insurance is not forfeited by change of occupation, but in the event of receiving an injury when engaged in a more hazardous occupation, the sum insured and the monthly indemnity will be for such amounts as the premium paid shall be sufficient to purchase at the rates fixed by the company tables for such increased hazard of occupation. Insurance is not written on any person who is under seventeen years or over sixty. Applicants between fifty and sixty pay 50 per cent. additional premium. There is no graduation of premiums between seventeen and fifty years. The beneficiary must have an insurable interest in the life of the insured, as wife, child, parent, or other heir-at-law, or must be a dependent relative, fiancée, or a charitable institution. In case of accidental injury to, or sickness of, any person insured in this company, for which a claim is likely to be made, immediate notice must be given. Payments of claims are made by check to the insured or agent

after investigation and adjustment. Surgeons are appointed in localities where the business is large enough to warrant such an appointment, and their duty is to protect the interests of the company. Premiums are payable monthly in advance at the home or branch office. The detailed definition of accident indemnity is significant. Full accident indemnity is paid for accidental death, loss of one or more limbs, or both eyes, and for loss of time, resulting from bodily injuries caused solely by external, violent, and accidental means such as dislocation, fractures, broken bones, bruises, cuts, shot wounds, crushing or mangling, burns or scalds, bites of dogs and serpents, stroke of lightning, drowning, or injuries produced by falls, or any other purely accidental injury happening to the insured in any of the lawful vocations of life, whether such accident happen at home, or in the office, going to or from work, in the store, factory, shop, mill, yard, or on the street or farm, traveling on passenger trains, street cars, steamboats, walking, riding, driving, boating, etc., but will not be paid except at one-fifth the indemnity otherwise stated, in case of disappearance, or suicide, sane or insane; nor for any injury, fatal or non-fatal, resulting wholly or partly, directly or indirectly, from intoxication or the use of narcotics, or while violating law, war risks, inhalation of gas, vapor, or anaesthetic, voluntary over-exertion, wilful or gross negligence, unnecessary exposure to apparent danger, surgical operations not necessitated solely by injury and made within ninety days after the accident. Sick indemnity is paid for the time, after the first week, that the insured is necessarily confined to the house by reason of any disease or illness, except rheumatism, paralysis, lumbago or lame back, hernia, orchitis, sciatica, insanity, dementia, and venereal diseases, which would be covered by one-fifth the regular indemnity. Some risks are prohibited; the following will not be accepted

for insurance on any terms: Persons who are blind, deaf, dumb, feeble-minded, cripples, intemperate, disreputable, or persons without visible means of support, those engaged in gambling, in handling highly inflammable or highly explosive material in factory or warehouse, aeronauting, driving, submarine working, rubber grinding or mixing; electricians handling live wires or working about machines where it is possible to receive a direct current of 500 volts, or an alternating current of 250 volts; professional baseball players, laborers or machinists employed in constructing tunnels or caissons; soldiers or sailors engaged in active warfare; blasters, insane persons, persons compelled to use a crutch, subject to fits or vertigo, who have suffered from paralysis, or are paralyzed, or have any deformity that will in any way hinder the regular duties of life; powder-makers, circus performers, fishermen on the sea, fireworks' employees and employers, cartridge makers, football players.

There are ten classes of risks; select, preferred, extra-preferred, ordinary, extra-ordinary, medium, extra-medium, hazardous, special hazardous, and there is a table of indemnity and cost for each class. Thus the table of indemnity and cost for the select class is:

TABLE IX

	Monthly Accident Indemnity	Monthly Illness Indemnity	Accidental Death or Loss of Two Limbs or Both Eyes	Loss of One Limb	Cost per Month, Regular Policy	Cost per Month, Special Policy
1.....	\$ 50	\$50	\$ 500	\$250	\$1.00	\$1.50
2.....	60	40	600	300	1.00	1.50
3.....	60	60	600	300	1.25	1.75
4.....	70	60	700	350	1.40	1.90
5.....	80	50	800	400	1.50	2.00
6.....	80	60	800	400	1.60	2.10
7.....	100	60	1,000	500	1.75	2.25

Additional accidental death insurance will be written

in this class at 25 cents per month for each \$500. Applicants over fifty years of age must pay 50 per cent. more.

The table of the special hazardous class is:

TABLE X

Monthly Accident Indemnity	Monthly Illness Indemnity	Accidental Death or Loss of Two Limbs or Both Eyes	Loss of One Limb	Cost per Month, Regular Policy	Cost per Month, Special Policy
\$15	\$15	\$100	\$50	\$1.00	\$1.25
20	20	100	50	1.40	1.65
25	25	100	50	1.75	2.00
30	30	100	50	2.25	2.50
35	35	100	50	2.60	3.10
40	40	100	50	3.00	3.50

Additional accidental death insurance will be written in this class at \$1 per month for each \$500, with a limit of \$1,000. Male applicants over fifty years of age must add 50 per cent. to the above premiums.

This company has a special arrangement for "railroad instalment insurance." No person may be insured under the accident policy under eighteen or over sixty-five years of age, nor in the sickness policy over sixty years of age. The rates are the same for all ages. The rates for locomotive engineers are:

\$1,000 death benefit and \$5 weekly indemnity, annual premium, \$18.00
 \$1,000 death benefit and \$20 weekly indemnity, annual premium, \$50.40
 \$2,000 death benefit and \$10 weekly indemnity, annual premium, \$36.00
 \$2,000 death benefit and \$20 weekly indemnity, annual premium, \$57.60

The maximum limit for engineers is \$2,000 death benefit and \$20 weekly indemnity; for firemen, \$1,500 death benefit and \$15 weekly indemnity. The annual premium for weekly indemnity alone is \$10.80 for \$5 or \$43.20 for \$20 weekly indemnity. The insured gives an order on the paymaster of the railroad company, according to previous contract, and the premium is taken out of the monthly pay. The figures of business in the year 1905 were: accident

premiums received, \$818,973, and losses paid, \$384,733; health premiums, \$102,757, losses, \$40,971. The statement does not show how many were wage-earners.

The Continental Casualty Co. of Chicago does a large business in accident insurance. In the year 1905 it collected from wage-earners in premiums \$1,675,000; of this sum about \$500,000 was collected upon the industrial or "one-dollar-per-month plan." This company has already paid out to wage-earners for death benefits, sickness, and accident indemnities over \$5,615,000.

Experiments are tried with various forms of sickness insurance and provision for invalidism. In discussing the burial benefit companies ("industrial insurance") we have seen that after an effort to unite sickness insurance with their business they abandoned the attempt, although the assessment companies studied by Forman in Washington still offer sick benefits in some policies. The chief difficulty in the experience of the most important companies was that there was no check on malingering and the cost was too high. Their officers thought that only in moderately small groups of fraternal societies would sickness insurance be practicable. The Health Insurance Co. of Philadelphia and several companies in Massachusetts attempted to furnish sickness insurance about 1847. The Philadelphia company started with a capital of \$100,000 in 1848, used the tables of the English friendly societies as a basis of calculation, and charged from \$5.25 to \$6.25 for a weekly indemnity to cover loss from any kind of disease. Although commissions of agents were then very much lower than they could be now all these experiments ended in failure. Similar experiments and attempts in various parts of the country came to the same inglorious end; but so great is the need of such insurance, so disastrous the effects of being without protection, it was inevitable that the experiment should be revived

in some form. About 1896 some company introduced as a "rider" to an accident insurance policy an agreement, for a consideration, to pay indemnity in case of six zymotic diseases. This bait for accident insurance proved so attractive to customers that about 1899 several companies extended the list of diseases to ten or twelve, at a premium rate of \$2 for each \$5 of weekly indemnity, and under stress of competition among accident insurance companies the list was still further enlarged until about thirty or more were covered. Experience taught the companies, for a rather high tuition fee, that some of them had not charged enough for certain diseases to cover their risk and that the attempt to distinguish the nature of the sickness added to the confusion and cost attending adjustment of claims. To meet this situation a so-called General Disability Policy was introduced.

There can be no doubt that a policy covering any sickness originating in an individual after the beginning of his policy will afford less cause for misunderstanding and disagreement between the company and its policy-holders, and that physicians will be less frequently called upon to stretch their consciences in diagnoses for the purpose of assisting their patients, than has been the case with the restricted sickness policy, and since many of the companies have taken up sickness insurance as an adjunct to accident insurance, merely as a means of holding their accident insurance against the aggressions of competing companies, any plan likely to secure this result with a minimum of friction and misunderstanding between the company and the assured would seem to commend itself to the underwriter if the cost does not prove to be too much of a tax upon the business which it is intended to protect.*

Another suggestion has been made to diminish the cost of sickness insurance by connecting it with other kinds of insurance. It is evident that if one fee for soliciting and adjusting claims could be made to cover all forms of insur-

* R. S. Keelor, M.D., *American Experience with Invalidity*, 1904.

ance desired, the sum of cost would be reduced, especially if the fee for solicitation did not have to be paid over each year. At present the company retains the right to stop protection at the end of any year or to increase the rate with age until it becomes prohibitive. Furthermore the benefit is limited to a relatively brief period, usually twenty-six weeks, while the need is for indemnity as long as sickness lasts. Mr. Dawson recommends that sickness insurance be joined with life insurance, for thus

it is possible to furnish at a much lower cost, because of lower expense in the payment of commissions, indemnity for the whole course of the disability, renewable without increase of premiums and at the option of the insured. Abundant statistics upon which to base these rates are now obtainable.¹⁰

Information from the mining region of the western states is difficult to secure, and therefore the statement of the superintendent of social welfare of the Colorado Fuel and Iron Co., Pueblo, Colo., is welcome.

This company provides medical attendance and hospital care for its employees and their families as long as they are sick, for which the men pay \$1 per month. Privileges of the hospital, however, are extended only to the employees and not to their families, but a special rate is given to members of employees' families. All medical attendance outside of the hospital, including medicines, is furnished both to the men and to their families. Some years ago this company attempted to insure its miners against accidents, but the plan was not successful and so the plan at present followed by this and all other mining corporations in Colorado is to permit the agents of reliable insurance companies to go into the mines and solicit, the company guaranteeing the agents the amount of premium which is then deducted from the men's pay-roll. The foreign miners also have a number of sick benefit societies, but they do not play a very prominent part in the matter of insurance, as they are usually small organizations.¹¹

¹⁰ *The Business of Life Insurance*, p. 244.

¹¹ Letter of Dr. R. W. Corwin.

One point deserves special mention in connection with the assertion that compulsory insurance would be impossible unless all states introduced it at the same time, since the manufacturers of the state having compulsory insurance would have to carry heavier premiums than the managers in states which have not such laws. A part answer to this argument is found in the fact that already the cost of accidents must be borne in gifts, taxes for poor relief, and various schemes to which employers contribute for the relief of disabled men; and further, it may be claimed that insurance so greatly increases the contentment, steadiness, and efficiency of the insured workmen that premiums are largely returned in an equivalent of some kind. It may be added that if compulsory insurance were introduced in one state its advantages would soon be seen to be so great that public sentiment, reinforced by trade unions, would speedily make the law general in all industrial states. Still further, it is precisely those states, as Massachusetts and New York, which lead in social legislation which retain the first rank as industrial states. To all this we may add certain facts furnished by casualty companies which tend to diminish the fears of timid capitalists that compulsory insurance would place them at a disadvantage as compared with the employers of other states; the fact being that already, in consequence of the differences of court interpretation and legislation, the cost of employers' protection varies greatly in different states, without any of the dreadful things happening which are feared. Thus if we take the cost of liability insurance for the whole country as one, on the average, the cost for several states would be relatively as follows:

The figures are stated on a basis of a loss cost of 1 for the United States as a whole. If then the relative loss cost of a state is given as 1.2, the meaning is that the loss cost

in that state is twenty per cent. (20 per cent.) greater than for the United States as a whole. A relative loss of 2 designates a loss cost twice as great as that for the United States as a whole. A relative loss cost of .80 designates a loss cost eighty per cent. (80 per cent.) of that for the United States as a whole.

The loss cost of one state relatively to another may be ascertained by taking the ratio of their relative loss cost. Thus, the loss cost in Tennessee is four times as great as the loss cost in Pennsylvania, the relative loss cost of Tennessee being 2, that of Pennsylvania being 0.50, and the ratio $2 \div 4 = 0.50$.

TABLE OF RELATIVE LOSS COSTS TO EMPLOYERS IN THE
SEVERAL STATES BY REASON OF THE LIABILITY IMPOSED
BY LAW UPON THEM FOR DAMAGES ON ACCOUNT OF
BODILY INJURIES OR DEATH ACCIDENTALLY SUFFERED
BY THEIR EMPLOYEES*

TABLE OF STATES LISTED ALPHABETICALLY

Alabama.....	1.20	Louisiana.....	.70	Ohio.....	.80
Arizona Territory.....	2.00	Maine.....	1.00	Oklahoma Ter.....	2.00
Arkansas.....	1.33	Maryland.....	.70	Oregon.....	.80
California.....	1.00	Massachusetts.....	1.00	Pennsylvania.....	1.00
Colorado.....	2.00	Michigan.....	.60	Rhode Island.....	1.33
Connecticut.....	.60	Minnesota.....	1.33	South Carolina.....	1.20
Delaware.....	1.33	Mississippi.....	.80	South Dakota.....	2.00
Dist. of Columbia.....	.90	Missouri.....	1.33	Tennessee.....	2.00
Florida.....	.60	Montana.....	2.00	Texas.....	2.00
Georgia.....	1.20	Nebraska.....	1.33	Utah.....	2.00
Idaho.....	2.00	New Hampshire.....	1.00	Vermont.....	1.00
Illinois.....	1.33	New Jersey.....	.70	Virginia.....	.70
Indiana.....	1.20	New Mexico Ter.....	2.00	Washington.....	2.00
Indian Territory.....	2.00	Nevada.....	2.00	West Virginia.....	.70
Iowa.....	1.33	New York.....	1.00	Wisconsin.....	1.33
Kansas.....	2.00	North Carolina.....	1.20	Wyoming.....	2.00
Kentucky.....	1.33	North Dakota.....	2.00		

* Frank E. Law, *A Method of Deducing Liability Rates* (1908).

The differences between the states are due to differences in the law and in the judicial decisions interpreting the law.

The above table is founded in the main on combined experience of the companies composing the Liability Conference, an association of companies engaged in the business

of liability insurance. Where changes in the law have occurred subsequent to the period embraced by the experience, comparative studies of the laws have been made and corrections made in the table accordingly. The table represents accurately the relative costs at the date of writing. The ratios are constantly changing.

It is worth while to consider the probable part which the casualty companies will play in the immediate future in relation to the development of accident and sickness insurance, especially if permissive or compulsory laws should be passed in any of the states.¹² This matter has already been seriously considered. It is well known that in England under the Compensation Act and recently in France under a compulsory-insurance law, the private accident companies have done a thriving business in assuming the legal obligations of the employers. In France the mutual insurance associations or syndicates, and even the government itself, through a central fund, are competitors of the private companies, and yet the latter hold their own and contribute very substantially to the promotion of the purposes of the law. Nor are we entirely without experience in the United States, for the workmen's collective policies contain suggestions of a method which may be greatly extended if legal pressure or even encouragement were to make it to the interest of large bodies of employers and wage-earners to unite in securing protection. Already under the collective policies the expenses of solicitation have been reduced to a minimum, since the entire body of employees is included at a stroke under a contract which also lowers the cost of payments of

¹² Mr. H. G. B. Alexander, president of the Continental Casualty Company of Chicago, stated at a meeting of the International Association of Accident Underwriters, that the accident and health insurance companies had collected \$25,700,000 in the United States in 1906, this being a gain of \$2,783,000 over the preceding year. Health insurance showed an increase of 28.8 per cent. and accident insurance of 9.57 per cent.

premiums by the simple process of deducting them from the wages. Uncertainty in regard to the indemnity would be reduced by legal definition of obligation and by simpler judicial organization for the adjustment of disputed claims. If the employers could be released from liability under existing laws they could then have at their disposal a large fund which they are now compelled to expend on casualty companies and lawyers to protect themselves against suits for negligence; and the insurance companies would then become insurers of the working-men rather than their sworn antagonists.

CHAPTER VII

FIRMS AND CORPORATIONS

In this article railroad relief departments are excluded from consideration as they are treated in the next chapter. The relation between the two movements is very intimate. Before the railroads undertook their relief departments experiments had been made on a small scale by private firms, and when the railroads had developed their plans with manifest advantage the employers of smaller numbers of men in turn enlarged their schemes and multiplied their number. Meantime the size of manufacturing plants has rapidly increased, until now many of them rival railroad corporations in the magnitude of their enterprises and the number of employees. Some of the corporations also resemble the railroads in their prospects of permanence without regard to the persons who own their stocks and temporarily control their policies. This condition of affairs is favorable to the introduction of plans of old-age pensions, and especially of sickness and accident insurance. During the years 1905-8 there has been a marked increase in the amount of attention given to the development of such schemes. This has been due to various causes; and, first of all, to the examples of success in the railroad relief departments. Another cause has contributed powerfully to this tendency and will continue to operate with increasing momentum until compulsory insurance makes it unnecessary. That cause is the tightening of the employers' liability laws and the strictness and even rigor with which they are interpreted by many courts and applied in individual instances. It has been said by certain judges in high places that with a little more stringency the courts will practically make the

law of negligence a compulsory insurance law, for the fact of accident seems to carry with it in such courts a presumption of negligence. The juries very generally act on this presumption, and elective judges, being human, are inclined to lean to the side of the workmen, whose votes are necessary to elect them. This tendency has received further momentum from the exposures of the frightful waste of life due to industrial accidents and diseases revealed by factory inspectors, reports of trade-unions, and by the Interstate Commerce Commission. Public opinion has been thoroughly aroused and will not bear much more; it will soon demand all the protection that law can give to prevent injury and to compel each industry to bear its own costs. The exhibits of dangerous machinery, sweatshop evils, and tenement-house life in various cities have deepened these convictions and directed public attention to remedies. The expositions of the German government at Chicago in 1893 and at St. Louis in 1904 have had their share in educating the public conscience and revealing a practicable plan for mitigating the sufferings incident to modern industry.

It is almost impossible to tabulate the schemes of insurance here to be noticed; we shall describe certain examples and then endeavor to discover the tendency revealed in them all. Until the government report has been given to the world we shall not have anything like a complete catalogue of all these plans, but we have enough typical illustrations to furnish insight into the forces at work.

The Westinghouse Air Brake Company Relief Department, Wilmerding, Pa., was established in 1903. The company has charge of the relief department, is responsible for the funds, pays 4 per cent. interest on deposits, supplies facilities for office work, and pays operating expenses. The medical examiner is appointed by the general manager. The advisory committee is chosen, one-half by the company and

one-half by the members, the general manager being chairman. The relief fund is made up from voluntary contributions of members, income from investments, and contributions by the company when necessary to make up deficiencies. The members are divided into five wage classes: first, those receiving less than \$35 per month; second, those receiving \$35 to \$55; third, those receiving \$55 to \$75; fourth, those receiving \$75 to \$95; fifth, those receiving \$95 and more. No employee is required to become a member of the relief fund, and any member may withdraw after giving due notice. Usually a person loses membership when he for any reason ceases to be an employee. The monthly contributions are 50, 75, 100, 125, 150 cents according to wage class. The occasion for indemnity is disability due to either sickness or accident, and the medical examiner decides the question of disability. Benefits are not paid longer than thirty-nine weeks, although the right to death benefit continues during disability. Settlement may be paid in a lump sum. No benefits are paid where disability is due to intemperance, vice, or quarrel. The benefits each week for thirty-nine weeks are, according to class: \$5, \$7.50, \$10, \$12.50, \$15, and surgical treatment is also given free. Injuries sustained while off the premises of the company come under the rules of sickness benefits. The usual release clause in the contract reads:

The acceptance by the members of benefits for injury shall operate as a release and satisfaction of all claims against the company for damages arising from or growing out of such injury; unless, within ten days from date of injury, notice is given to the superintendent of intention to seek indemnity from the company; and further, in the event of the death of a member, no part of the death benefit or unpaid disability benefit shall be due or payable unless and until good and sufficient releases shall be delivered to the superintendent, of all claims against the relief department as well as against the company, arising from or growing out of the death of a member.

The death benefit is \$150, not much more than a sum necessary for expenses of illness and burial. Evidently this plan is accepted by the employees only because it is better than nothing or because they do not yet know what European laws secure to wage-earners.

The Pittsburgh Coal Company Employees' Association.¹

This company has a capital of more than \$100,000,000 and an annual tonnage of \$25,000,000. The theory of the managers relating to the necessity for industrial insurance is distinctly set forth in their circular, in which the dependence of workingmen upon wages is made the ground of a scheme of protection by co-operation:

In the new order of things the percentage of managers and operatives, whose capital, as well as their brains and hands, is employed in a given business, is largely reduced, and there is a corresponding increase in the percentage of those whose only interest in the business is their daily, weekly or monthly wage allowance.

This company attempts to give its employees a share in the capital by selling them stock on contracts to pay for the shares \$1 each month. In the report used 1,000 contracts for 8,400 shares are mentioned. This scheme is called "profit sharing." There is an elaborate plan of insurance and old-age pensions. At each mine a "lodge" is organized, but membership is voluntary. The dues are 40 cents per month. The benefits are: (1) in case of fatal accident while at work, \$150, of which the company pays one-half; (2) in case of death from natural causes, \$100, paid altogether by the employees; (3) in case of death of wife, or parent, if dependent on employee, a funeral benefit of \$75, all paid by employees; (4) in case of death of children of employees, if over two and under twelve years, funeral benefit of \$25, paid by employees; (5) in case of a non-fatal accident of a serious nature, \$10 per week, one-half

¹ *Fifteenth Quarterly Report, October, 1904.*

paid by the company; (6) in case of a non-fatal accident of a less serious nature, \$7.50 per week, one-third paid by the company; (7) in case of a minor accident, \$5 per week paid by employees. The company has a pension fund, to which it made an original contribution of \$10,000. Its growth and maintenance is provided for by monthly dues of employees, two cents of the forty being set aside for the pension fund, the company adding one cent. The fund is invested in preferred stock of the company and must remain intact for ten years. At the end of that period principal and interest in excess of \$100,000 may be used in the payment of pensions to men who have contributed to the fund for ten years, and who, through age, accident, or disease are not able to earn their livelihood. All expenses of the association are paid by the company. About 20,000 members are in the lodges and about 60,000 persons are protected. Up to April 30, 1905, the total benefits paid had been \$202,770.62; the number of men paying premiums into the fund, 21,909. The pension fund on April 30, 1905, was \$35,410.44, of which the company had contributed \$14,945.95.

Metropolitan Street Railway Association, New York. Membership is limited to employees of the company and entrance is voluntary for employees between twenty-one and forty-five years of age. The monthly dues, 50 cents, are deducted from the pay-roll; the assessments of 50 cents in a month, but not more than \$3 in one year, may be levied to replenish the treasury. There is an initiation fee of \$1 and a fee for the medical examination. New members sign a contract authorizing the deduction of premiums from the pay-roll. The benefit paid in case of disability due to accident or sickness is \$1 per day, after seven days, but not longer than ninety days and not over \$90 in all. If the disability is due to vice, nothing is paid. The death benefit

is \$300. The company has a pension department whose scheme went into effect July 1, 1902. This department is administered entirely by representatives of the company. Pensions are paid to all employees who have reached the age of seventy years, and to employees on attaining sixty-five years who, after twenty-five years of service with this company, have been disabled. Only employees receiving less than \$1,200 yearly wages are admitted. Pensioners must belong to the association. The pension rates are as follows: after thirty-five years of continuous service, 40 per cent. of the average wages of the ten years preceding retirement; service thirty to thirty-five years, 30 per cent. of average wages; twenty-five to thirty years of service, twenty-five per cent.; the same rates are paid to those retiring disabled at sixty-five to sixty-nine years of age. If payments at these rates require more than \$50,000 annually they will be scaled down pro rata. Pensions are payable monthly. No assignment of pensions is permitted, and the pension is regarded as a gratuity, there being no legal claim for it.

The employees of the Crane Co., Chicago, were organized into a voluntary relief association in 1893. The regulations of that association show a classification of dues and benefits based on wages. Members whose wages are \$4 per week pay 10 cents a month and receive in case of disability \$2 per week, and in case of death a burial benefit of \$25 is paid; wages \$6 per week, dues 25 cents a month, benefits \$4 per week and burial benefit \$50; wages \$9 per week, dues 30 cents, benefits \$8 per week, death benefit \$75; wages \$12, dues 40 cents, benefits \$8, death benefit \$100; wages \$15, dues 50 cents, benefits \$10, death benefit \$125; wages \$18, dues 60 cents, benefits \$12, death benefit \$150. Assessments are levied at each death. Where the disability is due to vice, benefits are refused. This company estab-

lished, April 1, 1904, a plan for pension and relief, which is a combination of accident, invalidism, and old-age insurance, without legal claim, without payments from the employees, a pure gratuity of the company, though demanding faithful service as a condition of enjoying benefits.

The Macy Mutual Aid Association of employees of R. H. Macy & Co., New York, was organized in 1885. The directors are appointed by the company. Membership in the association is a condition of employment and membership ceases with employment. The monthly dues are taken out of the pay-roll. After five days of illness the employee is entitled to receive benefits not more than eight weeks in one year. Members cannot claim benefits until the expiration of twelve months from the last payment of the eighth benefit paid.

Hibbard, Spencer, Bartlett & Co., wholesale hardware merchants, Chicago. The employees of this firm have enjoyed the advantages of a benevolent association since March 5, 1888, and quite a number of trusted men have been permitted to buy stock of the corporation. The dues of the association are ten cents a month, although some members pay \$3 a year. The association had one hundred members at the beginning and has grown to have six hundred members. Membership is voluntary. The firm does not agree to help the association, but in fact it has made contributions when needed. During the first seventeen years of its existence the association collected about \$12,000 and paid out about \$11,400, chiefly in sick benefits, one-half of this for the families of members. There are no expenses of administration, the officers caring for the fund without salaries. On January 1, 1905, this firm established an old-age pension fund for the employees. The plan was first proposed to the employees before adoption and was approved by 95 per cent. of them. The control of the fund is in the

hands of the firm. Membership is required of all employees over eighteen years of age, with the exception of stockholders and traveling salesmen. The contributions are 2 per cent. of the salary of each employee, deducted quarterly from the salary. The corporation pays into the fund an amount equal to that contributed by the employees. The ordinary pension is equal to one-half the average salary of the pensioner during the five years preceding his retirement or disability. If an employee is discharged or leaves the firm, the amount of his contributions, together with interest at 3 per cent., is returned to him. If an employee remains and becomes a pensioner and does not remain long enough on the pension roll to draw a sum equal to the aggregate of his contributions, together with 3 per cent. interest, the excess is paid to his heirs. The report for the first year, rendered January 25, 1906, showed receipts from employees, \$10,306.79, and the same amount from the firm; with interest, \$190.07. The disbursements were: withdrawn by retiring employees, \$841.90; pensions, \$302; balance, January 1, 1906, \$19,659.75.

The Western Electric Co. employs many thousands of workmen. In March, 1906, it created a pension system. The sum of \$400,000 is set aside as a fund. Any unused part of this fund draws interest from the company at the rate of 4 per cent. per annum. The president is authorized to add \$150,000 annually to the fund. If the allowances exceed the income a new rate will be established which will proportionately reduce all allowances. The fund is managed by representatives of the company. All employees of the company who have reached the age of sixty years and have been twenty years continuously in the service of the company may be retired on pension. Any employee who has been ten years in the service, and has become totally incapacitated by injury or sickness, may receive a pension.

The annual pension allowance for each employee retired for age shall be: for each year of active service 1 per cent. of the average annual pay during the ten years next preceding retirement. Pensions are paid monthly till death, and may be granted to widows and orphans one year longer. The amount of pension for age will depend on two conditions: the number of years the person has been in active service, and the amount of his average wages per year for the ten years next preceding retirement. For example: If the average pay per year for the last ten years of an employee's active service should equal \$900, and if the service has been continuous for twenty-four years, then the pension would be twenty-four per cent. of \$900, or \$216 per year, or \$18 per month. The amount and duration of pension for disability is determined by the pension board for each case.

The Gorham Manufacturing Co., of Providence, R. I., on May 1, 1903, adopted a pension plan, "believing that it is the duty of every corporation which has been in existence for 50 years to provide for those whose terms of service have covered the greater portion of their active life." According to a circular of the company, employees whose records are satisfactory to the company will, if disqualified for work on account of age or permanent ill health, be eligible to pensions under the following age limits and terms of service: at seventy years, after twenty-five years of continuous service, at sixty-five years of age, after thirty-five years of service; at sixty years of age, after forty years of continuous service. When the company is satisfied that an employee is entitled to a pension he is to receive a monthly sum equal to 1 per cent. for each year's active service, computed at the wage paid at the time of enrolment, although no pension can exceed \$1,000 per year. The fund is maintained by setting aside a sum equal to 1 per cent. of the

TABLE I
INSURANCE ARRANGEMENTS IN NEW JERSEY IN THE YEAR 1904
Illustrations taken from *Industrial Retirement* by W. C. Garrison, Bureau of Statistics of New Jersey

Name of Firm and Place	No. Employees	Contributions		Indemnities (Accident and Sickness)	Death Benefits	Remarks
		Male	Female			
Bressler Bros., Bayonne	65	20	—	\$5, 15 weeks		Dues and control by employees
Camden & Philadelphia Soap Co., Camden	20	—		\$3-\$10 weekly, 13 wks.		Firm pays wages during disability
Celluloid Co., Newark	945	360	(300 members) 2 c. per dollar ins. 2-4 c. per dollar if death benefit) 10 c. weekly	\$50 and \$100		Firm pays administration expenses
Julius Brandes Mfg. Co., Patterson	310	172	(233 male members) 10 c. weekly	\$6 weekly, 13 wks.		Firm pays \$2 yearly for each member
Clifton Silk Mills	297	345	(325 members) 3 c. wage under classes \$10, \$6, 50, under \$6, 50 weekly, dues 7½, 5, 2½ c. weekly	\$7, \$4, 75, \$2, 35 weekly	\$75, \$50, \$25	
Crescent Ship-Yard, Elizabethport	780	—	10 c. weekly	Free hospital care		Firm supports two beds in hospital
Crookr-Wheeler Co., Amherst	617	62	\$1 yearly	Free hospital care		Firm supports a bed in hospital
Cumberland Glass Mfg. Co., Bridgeton	1,762	42				
Edward Lumber and Coal Co., Long Branch	130	—	Assessments	\$4 weekly, 6 weeks		
Farr and Bailey Mfg. Co., Camden	270	—	50 c. entrance fee, 50 c. monthly	\$5 weekly, 12 wks.; and firm pays 12 wks.	\$150	Firm pays administration expenses
W. D. Forbes, Hoboken	60	—	(46 members) 25 c. weekly	\$4 weekly, 12 wks. after 14 days	\$50	Firm gives \$100 in need
Gibson Iron Works, Jersey City	50	—			\$1,000-\$2,000 policy in life ins. co.	Firm pays premiums after 5 years' service
L. Goldsmith & Co., Newark	50	5	10 c. weekly	\$5 weekly	Cost of funeral	Firm contributes
Could & Eberhardt, Newark	350	—	(Mutual benefit association)			
Ingersoll-Sergeant Drill Co., Phillipsburg	775	—	25 c. monthly	\$5 weekly, 4 mos.; \$500, loss hand or foot; \$200 loss of eye; \$1,000, total blindness or total disability	\$100 funeral	Firm pays same as employees

INDUSTRIAL INSURANCE

TABLE I—Continued

Name of Firm and Place	No. Employees	Contributions		(Accident and Sickness)	Death Benefits	Remarks
		Male	Female			
Johnston and Murphy Shoe Co., Newark	300 115 (60 members)	10 c. weekly		\$5 weekly	\$25	
Keuffel & Esser, Hoboken	425 48	40 c. monthly (\$2 entrance fee)		\$3.50-\$6 weekly up to \$107 \$5 for 6 wks.; \$3 after	\$75 from fund \$25 from firm when wife dies	Firm contributes
Keystone Leather Co., Camden	501 — (82 members)	50 c. monthly				Firm carries accident policies for employees
S. Klaber & Co., Carlstadt	70 —					Firm contributes to hospitals
L. O. Koven & Co., Jersey City	95 —					
J. Lucas & Co., Gibbsboro	237 39	10 c. weekly (entrance fee \$1-\$6, according to age)		\$5 weekly, 10 wks.; \$3 after	\$75 (\$50 when wife dies)	
Ludlam Steel & Spring Co.	120 —					
Maddock Pottery Co., Trenton	160 70 (125 members)	50 c. monthly		Free medical care in hospital		
J. Maddock & Son	125 20 (only male members)	10 c. weekly, assessments for burial \$10 c.		\$5 weekly, 13 wks.	\$50	
Marine Engine and Machine Co., Harrison	243 —	5 c. weekly		\$2 first week; and \$5 for 13 weeks		
S. L. More & Sons, Elizabeth	295 —	10 c. monthly		\$5 weekly for 13 wks.; then \$2, \$5 for 13 wks.		
National Saw Co., Newark	100 —	50 c. monthly		Hospital care		
N. Y. Switch & Track Co., Hoboken	92 —			\$10 weekly, 10 wks.	\$50	
Perth Amboy Dry Dock Co.	190 —					
H. S. Peters, Dover	10 50	10 c. weekly		10 c. weekly (\$50 c. entrance fee)	\$5 weekly for accidents at work, medical care \$25	
Potter Printing Press Co., Plainfield	300 —				\$5 weekly, 25 weeks	\$50

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TABLE I—Continued

Name of Firm and Place	No. Employees	Contributions	Indemnities (Accident and Sickness)	Death Benefits	Remarks
J. L. Prescott & Co., Passaic	Male 95 Female 90	10 c. weekly	Aid as needed		
Randwitz & Pollitz, Hoboken	Male 148 Female 200	10 c. weekly	\$5 weekly, 26 weeks (\$ sometimes longer)		Firm pays same as employees and 1/2 of expenses
Roessler & Haasler, Perth Amboy	120	—	\$1 assessment	\$6 weekly, 26 wks.; and \$4 for 26 wks.	Firm contributes to fund
Sherwin-Williams Co., Newark (14 plants in U. S.)	262	—		\$120	Firm helps
Staten Island Clay Co., Woodbridge	850	—			See chap. ii
Tide - Wafer Oil Co., Bayonne	67	—	50 c. monthly (entrance fee \$1)		Firm aids the sick
Nestor Iron Works, Dover	500 (155 members)	35 c. monthly			Costs paid by firm
Victor Talking Machine, Camden	15	—			
Voler Mfg. Co., Passaic	270 (41 members)	10 c. weekly			
Weston Electrical Instrument Co., Waverly Park	70	—			
Woodhouse Chain Works, Trenton	70	—	assessments at death of member	\$50 first week, then \$5 for five weeks	Many social features; no insurance scheme

amount paid for labor during the preceding year, and out of this fund pensions are to be paid. When the amount paid out for pensions during three consecutive years shall exceed by 5 per cent. the appropriations under the foregoing provision, all outstanding pensions shall be scaled down to come within the average of the three years' appropriation and a new schedule adopted for future pensions. If such reduction of pensions becomes necessary, the original rates on outstanding pensions and the original schedule will be resumed whenever the appropriation for three consecutive years shall exceed by 5 per cent. the amount paid for pensions.

The firm of G. B. Carpenter & Co., merchants of Chicago, employing about 200 persons, pays about \$4,000 a year in sickness and accident benefits and old-age pensions. It has no regular system or association, and prefers to keep entire control.

The Metropolitan Life Insurance Co. Staff Savings Fund, New York City, was organized in 1904. The company has complete control of the administration of this fund, which is maintained from contributions of employer and employees and from interest on deposited sums. The company contributes 50 per cent. of the amounts paid by the employees. In case an employee on account of age or infirmity retires from the employment he may receive his share with interest at 5-9 per cent. In case of death the heirs receive the sum to his credit and interest. If an employee leaves the service for other reasons he receives all that he has himself paid in, with interest, without claim on contributions of the company.

The schemes of Mr. Alfred Dolge have often been described and must continue to attract attention as experiments, the very errors being instructive for future experiment. The firm of Alfred Dolge & Son, at Dolgeville,

N. Y., a town of 2,000 inhabitants, employed about six hundred persons in the manufacture of pianos, organs, and various materials used in such manufactures. The firm carried about \$200,000 life insurance at a very moderate rate, for employees who had remained with them five years. The firm paid the premiums. If the employee left the firm he might retain his policy by paying the premiums. An employee might acquire an insurance at the age of twenty-six years for \$1,000 and for each term of five years of service \$1,000 until he had \$10,000 insurance. Those who entered the service of the firm between twenty-two and twenty-six years of age could acquire only \$2,000. Those who began between twenty-seven and forty could have only \$1,000. For those above these ages and for all who could not be insured the firm set aside \$35 per year until \$1,000 stood to their credit; or if they died before this sum was credited, the heirs received the amount placed to their credit on the books. The firm also agreed to pay pensions for the aged and disabled, varying in amount from one-half to all the wages during the preceding year before the disability began. The amount of the pension was partly determined by the period of service, from ten to twenty-five years, but it might not in any case exceed \$1,000. Very few remained long enough in the service to gain right to a pension.²

Since the scheme was advertised far and wide Mr. Dolge severed his connection with the firm and started in business in California. From thence he wrote to the writer December 12, 1906, to the effect that his scheme of insurance which he had conducted for twenty-five years had been abandoned by his successors. He also called

² Article of E. W. Bemis in *Handwoerterbuch der Staatswissenschaften*, 1898, Bd. I, p. 714; article of Paul Monroe, *American Journal of Sociology*, January, 1897; A. Dolge, *Economic Theories as Practically Applied in the Factories*, 1896.

attention to the fact that already in 1895 he had shown the inherent weakness of all such individual enterprises unsupported by law, and had recommended a national system of industrial insurance so that workmen in moving from one state to another, according to the changing demands for labor, might not be deprived of the advantages of insurance. He declares that his own experience had deepened this conviction and he was glad to learn that the state of Illinois was considering a law for the promotion of this object.

The benefit association of the Buffalo Smelting Works was established in 1893. The dues of the married members are \$1 and of the unmarried 50 cents monthly. These dues are subtracted from the wage payments and used only for relief in case of disability. The contributions of the firm are expended solely on death benefits. The sickness benefits are \$25 monthly, after five days, and accident indemnity is the same. There are 250 employees and membership in the association is voluntary. The same firm has a similar organization in their mines. The funds are invested in the stocks of the company and the interest is used to pay premiums.³

The New York Edison Company pays the wages of injured workmen, during disability, about \$10,000 annually.⁴

Steinway & Sons, New York, have had in their establishment a benefit association since 1864, and in 1883 a new association was formed, which has a membership of eight hundred and fifty. The firm contributes annually to the fund \$1,000, pays \$1,200 for three beds in a hospital, and pays for medical treatment. Every employee who is over eighteen years of age must become a member of the association within three months after being employed; later he

³ *Report, New York Department of Labor, 1903*, p. 231.

⁴ *Ibid.*, p. 283.

cannot become a member. The entrance fee is \$1.00 and the monthly dues 15 cents.⁵

The Oneida Community has an association and all employees must be members. The weekly dues are 5 cents, in some cases 10 cents; the community contributes to the fund 50 per cent. of the dues. The sickness benefits are 50 cents or \$1 daily, during thirteen weeks, and afterward half this amount for thirteen weeks.⁶

Rochester Railway Co. has seven hundred employees, of whom four hundred and fifty are members of the benefit society. Employees between twenty-one and fifty years of age can become members of the association after a medical examination. The entrance fee is \$1.00; monthly dues, 50 cents; disability benefit, \$1.00 per day, for 100 days in one year; death benefit, \$150.⁷

Bausch & Lomb Optical Company, Rochester, N. Y. The firm gave \$3,000 as a foundation for the fund. All employees between twenty and forty-five years of age, after they have been employed by the firm for two months, may become members of the society. The monthly dues vary according to the rate of wages from 5 to 50 cents, according as the wages are from \$3 to \$12 weekly; the death benefit is \$15 to \$100; the sickness benefit from \$1 to \$8 weekly. The pension fund has reached \$20,000, and out of the interest on this fund the firm pays to superannuated employees pensions graded in amount according to former wages and period of service.⁸

The International Harvester Company, Chicago, has in preparation an insurance plan for their 20,000 to 25,000 employees in all the affiliated branches of their establishments.⁹

⁵ *Ibid.*, p. 291.

⁷ *Ibid.*, p. 315.

⁶ *Ibid.*, p. 297.

⁸ *Ibid.*, p. 302.

⁹ This important scheme is printed in full in Appendix H.

The Swift Packing Co., Chicago, has branches in Kansas City, South Omaha, East St. Louis, South St. Joseph, South

TABLE II

SWIFT & COMPANY EMPLOYEES BENEFIT ASSOCIATION. SCHEDULE OF CONTRIBUTIONS FOR MEMBERS UNDER 45 YEARS OF AGE

Members 45 years of age and over may enter on this schedule if they have been in the employ of Swift & Co. continuously from December 31, 1906, to date of entry, and avail themselves of this privilege on or before December 31, 1907.

Weekly Pay of Employees Governing Highest Class They May Enter	Number of Class	Weekly Contributions	Weekly Accident and Sick Benefit	Benefit in Case of Death	Total Loss of Sight of One Eye or Loss of One Hand at Wrist or One Foot at Ankle	Total Loss of Sight of Both Eyes, or Loss of Both Hands at Wrist, or Both Feet at Ankle or of One Hand and One Foot
\$13.50 and under ..	1	\$0.15	\$ 3.00	\$ 200.00	\$ 400.00	\$ 800.00
	2	.20	3.00	400.00	400.00	800.00
	3	.30	4.50	600.00	600.00	1,200.00
	4	.30	6.00	400.00	400.00	800.00
	5	.40	6.00	800.00	800.00	1,600.00
Over \$13.50 and not over \$18.00.....	6	.50	9.00	800.00	800.00	1,600.00
Over \$18.00 and not over \$30.00.....	7	.75	13.50	1,200.00	1,200.00	2,400.00
Over \$30.00.....	8	1.00	18.00	1,600.00	1,600.00	3,200.00

Additional death benefits (as allowed by rules), 5 c. per week for each \$200.00.

Members who have left the service and contribute for death benefit only 5 c. per week for each \$200.00.

Weekly accident benefit for 104 weeks and reasonable bill for surgical attention.

Weekly sick benefit, after the first 6 working days, for 52 weeks and half-weekly benefit for additional 52 weeks.

SCHEDULE OF CONTRIBUTIONS FOR MEMBERS 45 YEARS OF AGE AND OVER AS FOLLOWS:

Members joining between the ages of 45 and 50 years, one and one-half times above contributions.

Members joining between the ages of 50 and 55 years, one and four-fifths times above contributions.

Members joining between the ages of 55 and 60 years, two and three-tenths times above contributions.

St. Paul and Fort Worth, with about 400 warehouses and offices in the United States. For their 25,000 employees (sometimes more and sometimes less) this firm has worked out a plan of benefits which has many liberal features. In August, 1908, the membership was over 11,500.

The rules of the Swift & Co. Employees Benefit Association went into effect July 1, 1907. The object is to provide payments of definite amounts to such employees as contribute to the fund in case of disability or to their relatives in the event of death. The company agrees to pay operating expenses and to make good deficiency in funds to meet obligations. The advisory committee, which has general supervision, is composed of seven members chosen by the company and seven others elected by the members. The company pays the wages and expenses of travel of members of the committee. Medical examiners prepare applications, report on the condition of sick or injured members, decide when members are disabled and when they are ready to work, and certify bills for surgical treatment. Disability is defined as physical inability to work by reason of sickness or accidental injury. The contributions and benefits are shown in the table. Membership is voluntary and no provision is made for securing a release from legal liability.

The plan of the United Traction and Electric Co., worked out with the aid of the well-known actuary, Mr. M. M. Dawson, has the highest value for those who wish to draw up articles of a similar kind. The report of the association for 1905 showed receipts of the fund of \$30,226.97; of which the employees contributed \$14,942.40 and the company \$12,831.12. The expenditures for death benefits were \$9,875; for sick benefits \$19,744.59. Since the organization the members have paid in \$60,984.30 and the company \$42,846.10. The costs of administration are met

by the company and are not counted in reports of expenditures.

The object of the association is to afford aid and relief to sick and disabled members, and to the widows and children of deceased members. Membership is limited to employees of the company. The directors are persons appointed by the company and others elected by the members by ballot. The contributions are in proportion to wages: 10, 15, or 20 cents each week; the members being divided into three wage classes, according to their earnings. These cover those earning less than \$9 per week, \$9 to \$12 per week, or over \$12 per week. The death benefits are \$500, \$750, or \$1,000, according to class. In case of disability the weekly benefits are \$4, \$6, or \$8. Disability is defined "as total incapacity to carry on any gainful occupation." There is a provision looking to payment of partial benefits for partial disability. The company agrees to pay (1) one-fifth of each death benefit; (2) one-fourth of the amount of contributions by the members, payable weekly; (3) sums to cover expenses of management, adjustment, and litigation of claims; (4) sums to cover deficiencies, to be repaid if there is a surplus. The release clause is significant: "No benefit either for death or disability shall be payable except upon a receipt which shall contain a release in proper form from all liability to the beneficiaries.

The Standard Oil Co. "It has aimed to secure the contentment of its employees by liberal and considerate treatment allied with a pension system, assuring a competency for waning years. About 65,000 employees are or may become eligible for this pension, and no less than 500,000 men, women, and children are directly or indirectly interested in the preservation of the company."¹⁰

¹⁰ Statement of Mr. John D. Archbold, vice-president of the Standard Oil Co., in *Saturday Evening Post*, December 7, 1907, p. 32.

Mr. Francis H. MacLean has recently published the results of a study of insurance schemes in New York City.¹¹

Self-insurance against accidents by larger companies is not an unknown thing in New York City. . . . It cannot be said that they have been introduced into many companies. Quite a number of companies do provide hospital care. A smaller group have combined sick and accident benefit systems which are sometimes wholly, sometimes partly, supported by the companies themselves. . . .

The American Manufacturing Co., with factories in St. Louis, Mo., and in New York City, has a system which has been in use for many years and was introduced by the vice-president of the company. It provides for half-time wages in case of either sickness or accident. It includes, of course, immediate medical attention. In case of permanent disability the loss of wage-earning power is estimated and a special trust fund set aside from which the sufferer draws the income for life. The Greenpoint factory of this company is the largest factory from the point of view of number of employees in New York City. The number runs from 2,000 to 2,200, of whom about two-thirds are girls and women. There is a large number of minor accidents in this factory, and occasionally a serious one. The cost of the insurance system runs about $1\frac{1}{4}$ per cent. of the weekly pay-roll. Insurance in a liability company would run about $\frac{1}{8}$ of 1 per cent. Of course it must be remembered that the former covers sickness which would not be covered by the liability insurance. The vice-president was asked what, viewed solely from the business point of view, was the advantage in the costlier system. He answered without hesitation that the additional cost more than came back to the company through increased regularity in attendance.

This company does not find that the payments of insurance is an unbearable burden which cripples it in competition with companies in the same line which do not have such insurance schemes. Apparently the payment of insurance, in the judgment of the managers, is a good investment.

In the same magazine (p. 1213) is a description of the accident insurance scheme of the New York Edison Company. Mr. E. M. Atkin, chief of the claim department, says

¹¹ *Charities and the Commons*, December 7, 1907, pp. 1207 ff.

that the former policy of insuring with employers' liability companies was abandoned as unsatisfactory, and, since May 1, 1905, the Edison Company has handled the problem at first-hand. Free medical care is given in case of injury and the workman is requested to sign a release of all legal claims. If the accident is due to negligence of the company or any agent, full wages are paid during disability. If the accident is due to the negligence of the workman he may receive one-quarter or one-half wages during disability. In case of fatal accident, the funeral expenses are paid, and a donation made to the family. The company has had about 3,000 accidents since the system was adopted and only five men have sued the company. The costs of litigation being saved, the money is available for benefits to the injured men or their families. The system of records of the causes of accidents enables the company to apply preventive and protective measures by which the number of accidents is reduced.

The illustrations given in this chapter show that the business world in the United States is not in sight of a consistent social policy in relation to industrial insurance, that employers are filled with vague dissatisfaction and are making what they call "practical" experiments, the most costly and unsatisfactory of all. Gradually the influence of actuaries is making itself felt with advantage, but they have only traditional standards to guide them. Perhaps the formulation of a broad and well-adjusted social policy will grow out of the labors of the society established for the study of labor legislation; and the attempts of Massachusetts, New York, Illinois, Wisconsin, and other states to introduce some form of compensation will help to clarify the views of men and formulate their ideas of what is fair and practicable. The suggestions of a state commission are more apt to be free from the bias of narrow interests than schemes invented

simply to escape legal burdens and responsibilities without giving an equivalent. One thing seems quite certain; the agitation, discussion, and experimentation of the past few years are bearing fruit and we are moving more rapidly than in any previous time toward a sound basis of agreement.

CHAPTER VIII

INSURANCE PLANS OF RAILWAY CORPORATIONS

Even if afterward we give separate treatment to special branches of the insurance of railway employees—accident, sickness, death benefits, pensions, and superannuation—it seems wise at first to treat each system as a whole. It is difficult to separate the items, and the companies themselves bring the various branches under a common scheme and administration, each part being understood only as it is considered in relation to all others. It is in this way that Riebenack goes to work in presenting the results of his valuable studies to which in this chapter we are so deeply indebted, although independent studies have been made with other sources, and some of the conclusions reached are different from his.¹

According to official statements² there were in this country, on June 30, 1902, 202,471.85 miles of railroads. In 1892 there were only 171,563.52 miles. The number of "steam-railroad employees" reported by the census of 1900 was 461,909 males, 149,230 females; total, 611,139. Riebenack gives the mileage for 1903 as 205,000 and the em-

¹ See *Railway Provident Institutions in English-Speaking Countries*, by M. Riebenack, comptroller of the Pennsylvania Railroad Company (Philadelphia, 1905); pp. 31, 357, and index. The reports used by Mr. Riebenack are for the year 1903. Since his study was made many changes have been made in some of the companies. Materials are not easily accessible to bring details up to date, but some of the most important recent schemes are here added.

² *Statistical Abstract of the United States*, 1903, pp. 403, 495. The Interstate Commerce Commission reports (July 9, 1908) that on June 30, 1907, the total single-track railway mileage in the United States was 229,951.19 miles; the number of persons on pay-rolls, 1,672,074; wages and salaries, \$1,072,386,427.

ployees as 1,312,537, but he includes persons of all classes who are engaged in this occupation. His own study covered railroads with a mileage of 73,351.76 with their 653,267 employees. This means 35.8 per cent. of total mileage and 49.7 per cent. of employees. His work is based on returns from 140 railroad companies, 63 having made no response to requests for information. The volume contains much interesting information about other forms of "welfare work" with which we are not here concerned.

A summarized statement of the results of this important study is thus given:

The nine purely relief department roads hereinbefore discussed represent an aggregate of 31,000 miles of roadway, or about 15 per cent. of the total railway mileage of the United States, with employees numbering 318,000, or about 24 per cent. of the total number of railway employees in the country, and an insurance membership of 206,000 employees, or practically 65 per cent. of the total number of employees identified with the service of the roads involved. The combined average annual disbursements of these departments aggregate about 2,230,000, while their combined disbursements, since organization, approximate \$37,150,000.³

The railroad companies in the United States have made thus far the most important contribution to the promotion of industrial insurance. They are under the control of men who have large views and highest ability. Mr. Bryce says of these men: "these railroad kings are among the greatest men, perhaps I may say the greatest men in America."⁴ The long life of these corporations is also favorable to large and permanent schemes of betterment, and if we add the enormous resources of the companies we may account for their leadership in this field.

Hospital service.—This is the most primitive form of relief. The necessity of having surgical and medical help

³ Riebenack, *op. cit.*, p. 77.

⁴ *The American Commonwealth*, Vol. II, pp. 530-53, 2d ed.

at hand at all times was forced upon the attention of railroads at an early period. The first hospital department was established by the Southern Pacific Railroad in California in 1868, though before that time companies were obliged by circumstances to make arrangements for emergencies with physicians and private hospitals. Riebenack received reports from 35 railway companies with hospital organization, representing an aggregate of about 70,000 miles and 360,000 employees, and treating annually over 275,000 cases. Ten of these companies report that they make payments for this service, either to their own hospitals or to others under contracts, out of purely railway revenue. The cost of hospital service to the Pennsylvania System during the year ending December 31, 1903, was \$20,567.50. The rates paid by employees are from 25 cents to \$1.00 per month. The company usually provides hospital buildings, free transportation, and occasionally supplies "operative deficiencies." The medical staff is organized under a chief surgeon or physician, with division and local surgeons and physicians distributed at convenient points along the lines or road, and a corps of hospital surgeons. Specialists are employed when desirable. Under these arrangements the fees paid are simply for medical services; in case of injury the damages are settled by agreement or litigation. Occasionally the members of families of members are received for treatment in the company hospitals at reduced rates. Some attention is given to providing first aid to the sick and injured by lectures from medical men to groups of employees and by placing packets of bandages, medicines, etc., at convenient points ready for use.

Insurance in private companies.—After hospital service the next step forward toward an adequate insurance system has been taken by those roads which secure favorable terms for life insurance with private companies. The railway

companies, by the use of their authority as employers and by directions given to their clerical force, are able to save much of the cost of solicitation and collection of premiums. They are thus in a position to secure better terms than an individual employee could do, and their own contribution of collection, sometimes with a moderate subsidy, facilitates the process and diminishes the burden on the employees. Several forms of this experiment may be cited.

In some cases the company merely arranges for a canvass of solicitation by agents of the insurance companies. The Bangor and Aroostook Railroad Co., with its 412 miles, and 1,320 employees, is in this group. The Illinois Central Railroad (4,301.10 miles, 34,249 employees) secured favorable rates from reliable accident insurance companies. The Norfolk and Western Railroad Co. (1,722 miles, 15,394 employees) has a similar plan. The employees are classified according to the risk to which they are exposed from "select" to "special hazardous." The ordinary indemnities are: "\$500 death benefit or \$2.50 weekly indemnity, as a minimum, and \$1,000 death benefit or \$5 weekly allowance, as a maximum. Higher amounts may be insured in less hazardous classes. The company collects the premiums by deduction from the pay-roll. On February 1, 1904, 3,865 out of a total of 15,394 employees held some insurance.

Similar plans are those of the Texas and Pacific Railroad Co. The premiums range from \$10.20 to \$61.20 per annum; weekly indemnity, \$5 to \$25 per week; death benefit, \$500 to \$5,000. The railroad deducts premiums from the pay-roll and receives commission of 5 per cent. Out of 8,177 employees only 1,250 are insured.⁵ The Cincinnati, New Orleans and Texas Pacific Railway Co., in addition to securing death benefits and accident indemnity,

⁵ Riebenack, *op. cit.*, p. 24.

also has sickness insurance covered by the same premium. Various forms of policy are offered. It is estimated that the private company is saved about 41 per cent. of the cost of business, since it has no expense for soliciting and collecting premiums; and hence it can give lower rates. The "health" insurance costs \$6.00 per year for each \$5.00 of weekly sick benefit applied for. At the close of 1903 only 517 employees out of 5,338 were insured, and these carried \$780,100 for death benefits and \$7,097 for monthly indemnity. The annual receipts, \$12,633.48, were made up of \$11,761.92 contributions of employees and \$871.56 by the company.

In some cases the company pays a part of the premium. Thus the Chicago and Alton Railroad (915 miles; 7,339 employees) in 1899 made a contract with an insurance company for a life and accident policy, agreeing to pay one-half the premiums for the hazardous classes and 30 per cent. for the non-hazardous. This plan seems to have been abandoned on the ground that the insurance company could not carry the risk at rates agreed. The Union Pacific Railroad (2,933.7 miles, 15,338 employees) on January 1, 1901, agreed to pay one-third the premiums of the hazardous and one-fourth of the premiums of the other classes.

We find a different type of insurance where the railroad company itself conducts an accident-insurance business and in addition settles on an equitable basis for injuries which might fairly be supposed to involve legal liability. The Chicago and Eastern Illinois Railroad, in June, 1893, organized a scheme for issuing policies securing benefit in case of accident or death. Persons over 65 years of age are debarred from participation, unless they have come to that age in the service of the company. The premiums paid are: for office men, station men, passenger conductors, tower men, and flag men, one-half of 1 per cent. of wages; freight-

train men and switchmen, 2 per cent. of wages; all others, 1 per cent. of wages. The benefits are: for disability due to accident, one-half of usual wages not exceeding 50 weeks, the total not more than \$1,000; for death benefit, one-half of wages of one year with funeral expenses and physician's bill, not to exceed \$100; deductions being made for previous payments on indemnities, the total not to exceed \$1000. The company gives free surgical attendance, makes good deficiencies in the fund, and administers the business.⁶ The object is to provide sound accident insurance at lowest cost. By reason of their employment, the hazard of accident resulting in personal injury is so great that the premiums charged by the ordinary casualty company are almost prohibitive, and only a small percentage of the higher-priced railroad men can afford to pay these rates. The ordinary accident policy is "provided with so much red tape and contains so many conditions precedent that the collection of benefits is usually the result of some kind of compromise, so that the employee is practically without protection, and without protection he usually becomes a charge on the company," says Mr. H. F. Jones, the administrator of the plan. At first the plan was optional, and the men could accept or decline membership. So many of the employees availed themselves of the opportunity that to facilitate the handling of matters pertaining to it, it was made compulsory in May, 1895, with all employees except those in non-hazardous branches of the service. The premiums are deducted from the pay-roll and the benefits are paid monthly as the wages are paid. The experience of the company is that the scheme has reduced suits by employees to a minimum and given to the employees much more than they would have been paid if they had entered suit. By careful attention to preventive and first-aid devices and

⁶ Riebenack, *op. cit.*, p. 20.

prompt medical help the number of accidents and the duration of disabilities have been considerably reduced. Gratu-
itous contributions have ceased. After the first shock of the hurt abates the employee who is injured has a better feeling toward the company on account of the prompt and substantial indemnity paid. The plan is advantageous to all parties concerned.

Philanthropic endowments.—The one conspicuous example of this type is the Andrew Carnegie Fund. On March 12, 1901, Mr. Carnegie gave to the Carnegie Co., Pittsburgh, Pa., \$4,000,000 in trust, the interest to be applied in providing relief for employees of the Carnegie Co. in all its works, mines, railways, shops, etc., and for those dependent upon employees who are killed; also to provide small pensions or aid to such employees as, after long and creditable service, need help in their old age. On December 31, 1903, the report mentioned 284 cases of accident, 168 deaths, 189 pensioners. Total disbursements, \$228,866.02. The Bessemer and Lake Erie Railroad Co. (207 miles, 2,676 employees) comes under this trust, the "Andrew Carnegie Relief Fund." Employees are not required to contribute to the fund. The accident benefits are: 75 cents per day for 52 weeks to an unmarried man, and one-half this rate afterward. Married men receive \$1 per day, with an additional benefit of 10 cents for each child under 16 years of age; one-half rates after 52 weeks. Death benefits: maximum payment, \$1,200. Deficits in the fund are met by ratable reductions in the allowances. Total disbursements amount to \$9,168.75; accident benefits to \$4,788.75; death benefits to \$4,380.⁷ Some visitors in the region where the fund is administered have the conviction that the fund is somewhat abused by malingeringers.

Still another type is that of mutual insurance associa-

⁷ Riebenack, *op. cit.*, p. 30.

tions of employees. The employees of the Ann Arbor Railroad Co. (291.9 miles, 1,563 employees) in 1899 formed an association for mutual insurance. The company itself assumes no responsibility. The membership in 1903 was 850 (out of a total of 1,563). The premiums are graded according to the hazard of occupation. The minimum premium for station agents and clerks is 25 cents per month, with a weekly indemnity of \$5 and a death benefit of \$1,000. The maximum premiums and allowances are: for firemen and engineers, \$1.62 per month assessments, weekly indemnity \$10, death benefit, \$2,000; for freight brakemen and switchmen, \$1.74 monthly assessments, \$7 weekly indemnity, \$700 death benefit. The premiums and indemnities of the sick fund are: a premium of 35 cents per month gives a weekly indemnity of \$5; 50 cents gives a weekly indemnity of \$7.50; 70 cents gives \$10. A funeral benefit of \$100 in case of death from causes other than accident is paid. Premiums are deducted from the monthly pay-roll. The receipts during the year 1903 were \$11,686.20.

The employees of the Cincinnati, Hamilton and Dayton Railroad Co. (1015.09 miles, 5,449 employees) organized an association in 1876, which has a membership of 1,610. There are two classes of members: those who pay \$1 assessment on the death of a member and receive a death benefit of \$500; and the other who pay \$2 and receive \$1,000. Accident benefits are \$5 per week in case of injury in Class A, while in Class B a benefit of \$1,000 is paid for loss of both legs, both eyes, both arms, or one leg and one arm. The average annual mortality has been 12.4 per thousand.

Regular relief departments.—These organizations represent the most complete methods of sickness and accident insurance known in the United States. The old-age and disability pension schemes will be considered separately. The employees of the Baltimore and Ohio Railroad Co. took

the initiative in insurance schemes with their relief organization on May 1, 1880. This was practically a mutual insurance association. But the first railroad corporation to organize a relief department of its own, according to Riebenack, was the Pennsylvania Co., on February 15, 1886. The Baltimore and Ohio Co. established its relief department April 1, 1889. These schemes have served as models for others.

We take the Pennsylvania Railway Relief Department as a typical example for detailed description, and it will not

TABLE I

CLASS	LINES EAST			LINES WEST		
	Workmen	Members	Percentage of Members	Workmen	Members	Percentage of Members
Officials, etc.....	24,093	15,833	66	7,988	4,436	56
Telegraphers.....	2,702	1,878	70	1,340	985	74
Conductors.....	3,606	2,969	82	1,508	1,394	92
Brakemen.....	13,087	11,352	87	3,213	3,027	94
Engineers.....	4,483	3,487	78	2,198	2,062	94
Firemen.....	4,779	4,381	92	2,328	2,260	97
Switchmen.....	4,189	3,637	87	3,515	3,018	86
Machinists.....	27,642	18,990	69	10,587	8,894	84
Station agents.....	24,745	13,301	54	7,586	1,908	25
Irregular workmen	1,001	679	68			
Total.....	110,327	76,507	69	40,263	27,984	70

be necessary to give so much space to others formed on the same pattern though differing in some particulars. The Pennsylvania system east and west of Pittsburgh has 10,913.89 miles and 172,024 employees; east, 5,852.44 miles, 117,928 employees; west, 5,061.45 miles, 54,096 employees. Branch lines are included in the system. From the year 1874 the employees had urged the management to consider the subject, but only in 1886 (February 15) was a plan organized under the title, "The Pennsylvania Railroad Voluntary Relief Department." This was the first absolutely

independent relief organization in the United States for railroad employees. The relief department for lines west of Pittsburgh was established July 1, 1889. Both plans are on essentially the same basis and may be described together. The object is to provide definite benefits to members disabled by accident or sickness, or to their dependent relatives in case of death.⁸

The contributions of the company.—The railroad corporation guarantees the fulfilment of the obligations assumed, takes charge of funds, is responsible for their safe keeping, supplies facilities, and pays expenses of administration (including salaries of officers, medical examiners, clerical force), pays interest on monthly balances, and

TABLE II

Class	Lines East, Monthly Earnings	Lines West Monthly Earnings	Monthly Payments
I	Less than \$35	Not over \$40	\$0.75
II	\$35 to \$55	\$40 to \$60	1.50
III	55 to 75	60 to 80	2.25
IV	75 to 95	80 to 100	3.00
V	95 upwards	Over \$100	3.75

approves securities of investments. The company administers by a superintendent with assistants. The general supervision is vested in an advisory committee, seven of whose members are elected by members.

Membership.—All classes of employees are eligible. The maximum age for entrance to the service of the company is 35 years, except where professional qualifications are required. The employee forwards his application for membership to the relief department and, after medical examination, signs a form of contract. Any employee under 45 years of age may become a member if he passes a satisfactory medical examination. The total membership on

⁸ Riebenack, *op. cit.*, pp. 60-72.

December 31, 1903, was 104,151, out of 172,024 employees. Table I shows the membership by classes.

Membership payments are fixed and uniform without reference to occupation, and differences are based on wage classification, as will be seen in Table II.

An employee is permitted to change from one class to another within certain defined limits.

The company occasionally, in meritorious cases, extends the relief beyond 52 weeks out of its own funds as a gratuity. Funeral expenses are paid out of death benefits. The

TABLE III
SHOWING BENEFITS ACCORDING TO CLASSES

	1st Class	2d Class	3d Class	4th Class	5th Class
Accident—					
Daily indemnity up to 52 weeks.....	\$0.50	\$1.00	\$1.50	\$2.00	\$2.50
After 52 weeks.....	0.25	0.50	0.75	1.00	1.25
Sickness—					
Up to 52 weeks, after 3 days	0.40	0.80	1.20	1.60	2.00
After 52 weeks.....	0.20	0.40	0.60	0.80	1.00
Death benefit.....	\$250	\$500	\$750	\$1,000	\$1,250

average annual mortality rate per thousand members has been 12.6 (east) and 12 (west).

The income of the relief fund is from these sources: membership contributions; company appropriations, when necessary, to make up triennial operative deficits; income and profit arising from investment of money on hand; gifts and legacies; free use of buildings, transportation, and other facilities supplied by the company for conducting the department business; relief from all operating expenses which are borne by the company. In the event of a surplus, at the end of any three-year period of operation, after allowing for liability incurred and not paid, such surplus is devoted exclusively to promote a fund for the benefit of

superannuated members, or in some other manner for the sole benefit of members of the relief fund.

The total receipts since the establishment of the department have been \$19,950,940.94, made up as follows:

 LINES EAST OF PITTSBURGH

From membership	\$11,672,717.39
From the Company	2,544,348.11
From other sources	422,027.04
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Total receipts east of Pittsburgh	\$14,639,092.54

 LINES WEST OF PITTSBURGH

From membership	\$ 4,342,321.95
From the Company	\$ 969,526.45
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Total receipts west of Pittsburgh	\$ 5,311,848.40

Aggregate receipts of Pennsylvania System...\$19,950,940.94

The average receipts per annum for lines east of Pittsburgh, \$813,282.91; and for lines west of Pittsburgh, \$404,554.73, or a total each year of \$1,217,837.64.

The total disbursements since the establishment of these funds have been:

 LINES EAST OF PITTSBURGH

For accident	\$ 2,246,454.10
For sickness	4,455,618.80
For death	4,851,434.88
For operating expenses	1,815,641.54
For superannuation allowances	148,662.15
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Total	\$13,517,811.47

 LINES WEST OF PITTSBURGH

For accident	\$ 1,162,281.65
For sickness	1,473,124.60
For death	1,687,241.22
For operating expenses	754,607.81
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Total	\$ 5,077,255.28
Total disbursements of entire system.....	\$18,595,066.75

The average disbursements per year, for lines east of Pittsburgh, have been \$750,989.53, and for lines west of Pittsburgh \$381,260.40, or an aggregate of \$1,132,249.93 for the entire system.

The advantages claimed for the relief department over the older conditions are: Indemnity is provided in case of disablement from accident or sickness and death from accident or natural causes, at minimum cost. The cost of insurance in regular companies is ordinarily prohibitive for those in hazardous branches of railroad employment. Free surgical attendance is furnished in case of injury received during the performance of work for the company, and artificial limbs are supplied and other similar articles needed by injured persons. There is no fee for entrance nor for medical examination, nor any special dues, taxes, or assessments. The member is exempt from paying dues during disablement except for the month in which the injury occurred. There is no danger of forfeiting insurance from non-payment of dues, since these are collected from the pay-roll so long as the member is at work. All expenses of administration are paid by the company, so that contributions are devoted entirely to payment of benefits. Death benefits cannot be taken for debt, payments being made only to designated beneficiaries. Neither employees nor employers are troubled by subscription solicitors for disabled men, as was the case before this plan went into effect.

A surplus fund from the relief department east of Pittsburgh accumulated since 1886 amounted to \$751,256.25, the interest on which is devoted to superannuation allowances. From this fund 1,408 retired members have received \$148,672.23; the expenditures in 1903 were \$43,-875.12. On lines west of Pittsburgh no surplus has been accumulated, and so no superannuation payments have been made. Of pension schemes mention will be made later.

The Baltimore and Ohio Railroad system.—This company, with its 4,410 miles of way and 55,688 employees, was one of the first to organize insurance for its employees. An association was formed May 1, 1880, and the company itself established a relief department March 15, 1889. Out of 20,606 members of the old association 19,467 joined the new department. The company annually gives \$6,000 to the relief fund, or, when it is not needed there, to the pension fund. It contributes \$10,000 annually for medical examinations; provides office room and furniture; gives the services of officers in administration; is

TABLE IV

WAGE CLASS	MONTHLY DUES		DAILY BENEFITS			DEATH BENEFITS		
	1 Div.	2 Div.	Accidents		Sickness	Accident	Sickness	
			26 Wks.	After			Ordinary	Max.
A, up to \$35 . . .	\$1.00	\$0.75	\$0.50	\$0.25	\$0.50	\$ 500	\$ 250	\$1,250
B, \$35 to \$50 . . .	2.00	1.50	1.00	0.50	1.00	1,000	500	1,250
C, \$50 to \$75 . . .	3.00	2.25	1.50	0.75	1.50	1,500	750	1,250
D, \$75 to \$100 . . .	4.00	3.00	2.00	1.00	2.00	2,000	1,000	1,250
E, over \$100 . . .	5.00	3.75	2.50	1.25	2.50	2,500	1,250	1,250

responsible custodian of the funds; and guarantees payments of rates promised. The company endeavors to provide partially disabled employees with occupation suited to their abilities. This company has three forms of benefits—relief, pensions, and savings schemes; here we consider only the first. While the administration is conducted by the company there is an advisory committee on which the employees are represented. Members are classified according to wages.

The benefits for disablement are not paid for Sundays and holidays. The higher rates for accidents are paid during the first 26 weeks and then the lower during the subsequent disability. Sickness benefits are paid after the

first week for 52 weeks. The death benefits where death is due to sickness are ordinary and maximum as shown in the table.

Employees not exposed to special risks of accidents may insure for natural death benefits only, or for both natural death and sick benefits at 25 cents per month, which is also the cost of additional natural death benefits. The modes of payment are made quite flexible, to be adapted to various incomes and hazards. Membership is said to be voluntary though preference is given in the retention of employees to those who belong to the relief department. No person over 45 years of age is admitted to membership without approval of the president of the company.

The total receipts since the establishment of the plan have been \$9,520,628.80; of which membership payments furnished \$8,730,415.40, the company paid \$344,590.75, and other sources \$445,622.65. The average receipts per year have been \$410,962.38. The receipts for the year ending June 30, 1903, were \$775,646.43; from members, \$712,595.82; from company for operating expenses, \$10,000; reserve fund, \$6,000; interest, \$35,115.04; bonds redeemed, \$10,000; miscellaneous, \$1,935.57. Total disbursements since the beginning, \$8,691,061.88; for accident benefits, \$1,468,259.96; sickness, \$2,257,336.38; death, \$3,781,304.95; operating expenses, \$931,373.04; other \$252,787.55; average disbursement per annum, \$375,153.75. Disbursements for the year ending June 30, 1903, were \$732,102.97; for death benefits, \$178,500 (accidents); death benefits (natural causes), \$152,090; disablement from accident \$129,362.60; disablement, sickness, \$178,867.38; surgical expenses, \$14,909.81; refunded to members, \$12,274.68; advances, \$2,564.80; operating expenses, \$68,076.18. The total membership, June 30, 1903, was 41,783, or about 90 per cent. of the entire working force of the company. The

total membership is divided between hazardous and non-hazardous occupations; the former include 28.75 per cent. and the latter 71.25 per cent. The surplus funds at the close of each fiscal year are used either to reduce the next year's contributions, or to increase the amount payable for natural death or to increase pensions.⁹

The Cleveland Terminal and Valley Railroad Co. (88.38 miles, 1,088 employees) has a department closely akin to the Baltimore and Ohio Relief Department. The total receipts from membership dues during 1903 were \$17,148.65. Total disbursements during 1903 were \$9,304.42; for accidental deaths, \$2,000; for natural deaths, \$500; disablement from accident, \$3,126.67; disablement from natural causes, \$3,094.95; surgical expenses \$582.80. The number of members was 995 (399 in hazardous class and 596 in non-hazardous class).

The Philadelphia and Reading Railway Co. established its relief association October 30, 1888. The contributions and benefits are the same as those of the Pennsylvania System. An additional \$100 is paid with each death benefit out of the surplus fund without regard to class. The yearly surplus is used for the superannuation fund or in some other way for the benefit of the members. The maximum age for admission to membership is 45 years. Benefits are not paid longer than 52 weeks, but the claim to death benefit does not cease with that period. The employee loses his rights when he ceases to be an employee, except that if he has been a member 3 years he may retain rights in the death benefit. The company contributes 5 per cent. of the amount paid by employees and makes good deficiencies in funds if there are any. The total receipts since establishment of the fund have been \$4,049,494.11; from members, \$3,362,678.05; from company, \$443,831.68; other sources, \$242,984.38;

⁹ Riebenack, *op. cit.*, p. 46.

average receipts per year, \$269,966.28; receipts for the year ending November 30, 1903, \$299,940.11. The total disbursements since the beginning have been \$3,596,729.96; for accidents, \$880,574.66; sickness, \$895,794.16; death, \$1,436,708.05; operating expenses, \$375,077.25; other, \$8,575.84; average annual disbursements, \$241,765.54. Disbursements for the year ending November 30, 1903, were \$292,423.41; for death benefits, accidents, \$46,250; death, natural causes, \$64,550; accidental death, from surplus fund, \$10,200; death from natural causes, from surplus fund, \$15,100; death benefits to former employees, \$3,500. The total death benefits were \$139,600. Disablement benefits were for accidents, \$65,152.50; natural causes, \$70,016.30; surplus fund, \$316.20 (accidents); surplus fund (natural causes), \$651.90; total \$136,136.90. Salaries and expenses of medical examiners were \$16,186.51. The expenses of operating the association during 1903 were \$33,658.40, of which the company paid \$17,471.89 and the relief fund paid \$16,186.51. The company also contributed \$12,955.02 to the fund—\$30,466.91 in all. The average annual mortality per 1,000 members was 12.1. The membership on November 30, 1903, was 18,951, or 80 per cent. of employees.

The Atlantic Coast Line Railroad (4,138.87 miles, 17,512 employees) established its relief association April 1, 1899; but this company already had a relief and hospital department under the previous title of the corporation, the Plant System. The rates of contributions and benefits are so near those of the Pennsylvania System that they need not be repeated. In 1903 there were 8,129 members, about 62 per cent. of the working force. The membership was distributed according to grades: general office and station employees, 23 per cent.; trainmen, yardmen, telegraphers, 23 per cent.; enginemen and firemen, 12 per cent.; machine

and car-shop employees, 25 per cent.; track department employees, 17 per cent. Members of the family of an insured employee are permitted to enter a company hospital for needed treatment at reduced rates. The release clause is very explicit:

Acceptance by the member of benefits for injury operates as a release and satisfaction of all claims against the company for damages arising from or growing out of such injury. If any suit is brought against the company for damages all obligations of the Relief Department will be forfeited. If a claim for damages is settled without suit or by compromise, such settlement will release the Relief Department and the company from all claim.

The Chicago, Burlington and Quincy Railroad Co. (8,324 miles, 38,350 employees). The relief department was established March 15, 1889, and went into operation June 1 of the same year. The basis of contributions and benefits is similar to that of the Pennsylvania system. Arrangements are made for commutation of benefits in case of grave injury on payment of a lump sum, the injured man being required to sign away his right to bring suit under the employers' liability law. The sums paid range from \$800 to \$3,200 for loss of hand or foot above the wrist or ankle, or twice these amounts in case of loss of both hands or both feet, or of one hand and one foot. Membership may be continued after leaving the service, in case of three years' of previous service and one year of membership in the department. The maximum age of admission is 45 years. The rate of mortality is stated to be 8.7 per 1,000 per annum. The receipts of the fund from the establishment of the plan to December 31, 1903, were: \$4,368,215.69, of which the employees paid \$4,197,912.42, the company \$42,532.94 for deficiencies, and \$127,770.33 came from other sources. The average annual receipts have been from all sources, \$337,489.90. The total disbursements since the beginning

\$4,592,579.36; for accident benefits, \$1,432,372.94; sickness, \$1,127,247; death, \$1,167,019.50; operating expenses, paid by the company, \$865,939.92; the average disbursements per annum, \$332,504.71. The company is custodian of the funds and advances money to meet obligations. Surplus funds are invested in securities. The membership on December 31, 1903, was 22,141, about 58 per cent. of the working force. Of the engineers 95.97 per cent. were members; of firemen, 96.56 per cent.; of conductors, 90.09 per cent.; of brakemen, 96.82 per cent.; of switchmen, 96.39 per cent.; of trainmen, enginemen, and yardmen as a group, 95.59 per cent.; of all others 48.87 per cent.

The objections of many of the employees of this road to the feature of the scheme requiring an injured man to sign away his rights to sue the company under the liability law in order to enjoy benefits from the fund which was created chiefly by the contributions of the workmen have grown more strong with time and led to the introduction into the legislature of Illinois of a bill to make such use of the relief fund illegal.¹⁰

Providing that in all actions hereafter brought against any employer to recover damages for personal injuries to an employee or where such injuries have resulted in his death, no contract of employment, insurance, relief benefit, pension, or indemnity for injury or death entered into or on behalf of any employee, nor the acceptance of any such insurance, relief benefit, pension, or indemnity by the person entitled thereto, shall constitute any bar or defense to any action brought to recover damages for personal injuries to or death of such employee, and providing that upon the trial of such action against such employer the defendant may set off therein any sum such employer has contributed toward any such insurance, relief benefit, pension, or indemnity that may have been paid to the injured employee, or, in case of his death, to his personal representative.

The lower house adopted this bill by a very large majority vote on February 28, 1907.

¹⁰ 45th Assembly, House Bill 16, February, 1907.

The Lehigh Valley Railroad Co. (1,398 miles, 18,621 employees), established a relief department January, 1878, to provide indemnity for accidents, but without sickness insurance. There is no medical examination for admission, nor age conditions. Officers of the company administer the plan, and the company pays the costs of management. The fund is replenished by assessments levied at intervals of four or five months and not to exceed \$3 in any case. The company pays an amount equal to the sum of the contributions of the employees. Benefits are paid on the basis of the contributions to the credit of each member at the time of injury. Employees receive accident benefits, at the rate of three-fourths of the amount of contributions for the call during which injury occurred, for every week day, exclusive of holidays, for a maximum period of 9 months, if disability continues so long. A burial benefit of \$50 is paid, and the family of the deceased employee receives an allowance for every working day, at the rate of three-fourths of the amount of his contributions for 2 years. The cost of surgical and medical care is deducted from this payment. Artificial limbs are paid for out of this fund. Contributions are not refunded whether the employee is dismissed or leaves the service voluntarily. The total receipts from the beginning to 1903 were \$938,796.52, of which the company paid one-half. The average annual receipts were \$36,107.56; total disbursements during the period, \$924,236.35; average for each year, \$35,547.55. Membership in 1903 was 6,505, about 35 per cent. of the entire working force: employees in train service, enginemen, firemen, conductors, brakemen, 80.9 per cent.; maintenance-of-way, 31.3 per cent.; maintenance of equipment, 32.1 per cent. It may be noted here that this company accepts the principle of paying half the cost of accident insurance in addition to paying expenses of administration of the fund.

The Long Island Railroad Co. (391.76 miles, 5,415 employees), organized its department January 1, 1886. The fund is administered by the president of the company and eight others, of whom five are elected by the employees and three are appointed by the president. The company pays the salary of the secretary, interest on funds, and furnishes office room. The membership dues are based on salaries and deducted from the pay-roll.

Members in Class I, with a salary of \$60 and over per month pay \$1 monthly dues and receive weekly benefits of \$9; the death benefit in this class is \$400. In Class II, wages \$40 to \$60, dues are 75 cents, benefits \$6.75, and death benefit \$300. In Class III, the wages are \$40 and less, the dues 50 cents, the weekly benefit \$4.50, and death benefit \$200. Benefits begin on the eighth day and continue six months. The total receipts since the establishment of the fund have been \$382,395; the average per year, \$21,244.17. Receipts for the year ending January 31, 1904, were \$58,884.32; total disbursements, \$367,233; average per year, \$20,401.83. Payments during the year ending January 31, 1904, were \$42,186.86: disablement from accidents, \$10,373.34; natural causes, \$15,011.37; death benefits, accidents, \$7,300, natural causes, \$9,300. Stationery and printing cost \$202.15. The membership was 4,700, about 87 per cent. of the total working force. The annual rate of mortality per 1,000 was 14.

The purely relief department roads hereinbefore discussed represent an aggregate of 31,000 miles of roadway, or about 15 per cent. of the total railway mileage of the United States, with employees numbering 318,000, or about 24 per cent. of the total number of railway employees in the country, and an insurance membership of 206,000 employees, or practically 65 per cent. of the total number of employees identified with the service of the roads involved; and this membership percentage would be largely increased were the computations based on the exclusion of non-membership employees, who are so

because of ineligibility for membership, owing to age or physical disqualifications. The combined average annual disbursements of these departments aggregate about \$2,230,000 while their combined disbursements since organization approximate \$37,150,000.¹¹

Pension schemes of railroads.—The first railway corporation to establish a pension fund was the Baltimore and Ohio (October 1, 1884). The present standard of pension funds was established about the year 1900. The following table presents the essential facts.¹²

TABLE V

GROUP	NO. EMPLOYEES	RETIREMENT AGE		ENTRANCE AGE
		VOLUNTARY	INVOLUNTARY	
Group A.....	126,799	61-69	65-70*	35-45
Group B.....	46,378	under 65	65	45
Group C.....	2,676	under 60	60	.....
Group D.....	4,454	60-64	65	35-45
Group E.....	11,953	65-69	70	35-45
Group F.....	228,040	65-69	70	35
Group G.....	33,307	60-69	70	35

* 70 sedentary; 65 active.

In Group A were the following roads: Atlantic Coast Line; Houston and Texas Central; Illinois Central; Oregon Railroad and Navigation Co.; Oregon Short Line; San Antonio and Aransas Pass; Southern Pacific; Union Pacific. In Group B: Baltimore and Ohio. In Group C: Bessemer and Lake Erie (in connection with Andrew Carnegie Endowment Fund), Group D: Buffalo, Rochester and Pittsburgh. Group E: Central of New Jersey. Group F: Chicago and Northwestern; Pennsylvania System, east and west; Philadelphia and Reading. Group G: Delaware, Lackawanna and Western. The Atchison, Topeka and Santa Fé road established its system in 1906.

There were, in the year 1903, 16 such organizations in

¹¹ Riebenack, *op. cit.*, p. 77.

¹² *Ibid.*, p. 9, addenda.

INDUSTRIAL INSURANCE

TABLE VI

COMPANIES	COMPANY PAY- MENTS TO FUND SINCE INAUGURATION	EXPENDITURES FOR ALLOWANCES FOR PENSIONS SINCE INAUGURATION	NUMBER OF PEN- SIONERS CARRIED AT END OF 1905	AVERAGE AGE OF RETIREMENT		AVERAGE LENGTH OF SERVICE OF THOSE RETIRED	MONTHS	YEARS	MONTHS	NUMBER OF DEATHS SINCE INAUGURA- TION
				Years	Months					
Atlantic Coast Line Ry. Co.	\$ 13,587.56	\$ 10,970.46	39	70	*	28	6	..	..	9
Baltimore & Ohio Ry. Co.	873,300.00*	829,741.91*	377*	66*	5	..	..	..	..	480*
Buffalo, Rochester & Pittsburgh Ry. Co.	50,000.00*	2,868.71*	8*	64*	6*	22*	1½	..	..	56
Chicago & N.-W. Ry. Co.	276,441.26	276,441.26	279	69	..	33	..	..	..	..
Delaware, Lackawanna & Western R. R. Co.	78,863.93	78,863.93	146	66	..	35	..	..	..	26
Houston & Texas Central R. R. Co.	11,101.43	11,101.43	24	64	6	34	..	..	..	2
Illinois Central R. R. Co.	250,000.00†	70,856.20†	159†	66	10	33†	3	..	..	20†
Oregon Railroad & Navigation Co.	50,000.00	2,062.70	4	76	..	24	..	..	..	..
Oregon Short Line R. R. Co.	3,133.55	3,133.55	10	68	..	26	..	..	..	..
Pennsylvania R. R. Co.:										
East of Pittsburgh.	2,032,945.42†	2,004,087.59†	1,810	71	3	34	2	..	..	890
West of Pittsburgh.	645,474.04†	634,307.55†	656	71	1	33	11	..	..	215
Philadelphia & Reading Ry. Co.	19,973.19†	19,973.19†	89†	..	..	..	..	..	..	3†
Union Pacific R. R. Co.	39,492.58	39,492.58	63	68	..	30	..	..	..	5
Canadian Pacific Ry. Co.	410,000.00*	26,785.01*	142	67	5	18	5	..	..	29*

* Data to June 30, 1905, end of fiscal year.

† Returns for year ending December 31, 1903.

‡ Includes \$8,857.83, department operating expenses.

§ Includes \$11,166.49, department operating expenses.

** Up to December 31, 1905.

operation and 2 in preparation. The roads having such departments had more than 50,000 miles of railway, or about 24 per cent. of the total railway mileage of the country, and about 500,000 employees, 38 per cent. of the working force. The annual appropriations were not over \$1,350,000. Eight of the roads had set aside a fund of about \$600,000. Twelve of the roads had expended, up to the end of 1903, \$2,500,000, and the companies had on their rolls 3,200 pensioners. In the United States the beneficiaries make no contributions to the funds; the corporations meet the entire expense. The income is derived from the interest on a definite sum which is made the basis of the plan, and additional appropriations are made as required. In some cases the company simply assumes responsibility for a maximum annual disbursement.

The objects of the departments are uniformly to provide for compulsory retirement from service at 65 or 70 years of age, with anywhere from ten to thirty years' continuous service, on a fixed pension allowance, computed, usually, at 1 per cent. of the average monthly pay for the ten years next preceding retirement, for each year of service. Involuntary or compulsory retirement takes place between ages 65 and 70, and voluntary retirement, growing out of incapacitation, between ages of 61 and 69 years.¹⁸

The plans devised by the Baltimore and Ohio and by the Pennsylvania companies are models for the others. In the American schemes all employees are included without regard to grades and classes.

The Massachusetts Labor Bulletin, January, 1907, presents a table (Table VI) which shows the results of the various railway pension systems so far as known from reports then published.

In the typical system the pension is optional with the road and no definite sum is promised. Mr. Riebenack interprets the policy in this language:

¹⁸ *Ibid.*, p. 9, addenda.

It stands for an annual allowance of money . . . without an equivalent in labor or otherwise—generally, however, in consideration of past services. The pension allowance is purely an optional railway disbursement from railway revenue exclusively, the employee making no contribution whatever to the scheme, which is absolutely subject to company direction and control.

Control is exercised either through an autonomous department or directly by officers of the company. Being not a legal contract but a gratuity, it has only such assurance of permanence as comes from the will of the corporation. It does not seem probable, however, that the corporations will recede from their plans, because these are so advantageous to the company; but there is no legal obligation to continue. No definite amount is promised and usually provision is made for ratable reductions in pensions when the income does not cover the expenses. Allowances are as a rule based on age and service. Lump sums are not paid in settlement of claim, and allowances cease at death of the pensioner. The aggregate mortality of pensioners since the establishment of the schemes up to the end of 1903 was 1,150.

Since the system adopted by the Atchison, Topeka and Santa Fé R. R. Co. is one of the most recent developments of the pension idea it is herewith presented in some detail.

Of the motives and advantages of this scheme Mr. George E. Tunell, secretary of the Board of Pensions, says:

The pension system will relieve the strain and stress of life's struggle before, as well as after, retirement. . . . While the pension allowances in themselves will not be large enough to enable anyone to live in the manner of life maintained before retirement, they will be a substantial help, especially to those who have received small wages. It was not designed that the pension system should remove the necessity for saving. It was expected that it would act as another inducement to thrift and industry, and that, by giving new hope of an independent old age free from want, an additional incentive would be

given to work and save. To be near a goal that is worth while should make all eager to reach it.

The pension system the company has devised is the most liberal in existence, and it marks a big advance over all others now in force. It may be of interest to point out a few of the features in which our system departs from those of all other railroads.

On the Santa Fé no additional restrictions are placed on the employment of new men, and no employee will be arbitrarily retired simply because of having reached the age of sixty-five, or seventy years, as the case may be. Employees will be retained in the service as long as they are able to perform their duties satisfactorily, or some new duty that is less arduous and exacting. Retirement will be for incapacity alone, the Board of Pensions deciding when a man is too old to remain in the service.

The Santa Fé plan also differs from all others because it distinguishes between the men who have received small salaries and those who have enjoyed large salaries. It discriminates between those whose opportunities to lay something by have been limited and those who could put something aside for a rainy day and yet have many of the comforts of life. To all whose salaries have been moderate our system is more generous than any other; first, because it gives the pensioner of small salary a larger percentage of his whole salary for each year of service; and, second, if this does not amount to at least \$20 a month, it is raised to \$20, this being the smallest pension the company will give any pensioner. An illustration will show how much more generous our system is. Under the system in force on any other railroad a man who had worked for twenty years at a salary of \$50 a month would receive a pension of \$10 a month, while under our system he would receive \$20 a month. On the Santa Fé there will be neither very small nor very large pensions, because of the minimum and maximum provisions of our system. Under all other systems there is no limit either to the smallness or the bigness of pension allowances. No other system draws a line between those having good opportunities to save and invest and those who have not had such opportunities.

Our system is also unique in recognizing exceptionally long and efficient service. The Board of Pensions has power to increase the ordinary allowances by 25 per cent. for unusual merit.

The amount of pension any person may be granted by the Board of Pensions will depend on three conditions: (1) The amount of

highest average monthly pay received during any consecutive ten years of service; (2) the number of years in the service of the company or of its auxiliary companies, and (3) the character of the service taken in connection with the length of the service.

The lowest pension is \$20 and the highest \$75 a month. No pension is allowed to any officer or employee who shall make or enforce any claim against the company for damages by reason of any injury or accident occurring within three years prior to the date when such employee shall be retired or leave the service. A person who leaves the service for two months loses his claims and must enter as a new employee. No person who becomes an employee after the age of fifty is entitled to a pension. The rate of pension is reckoned by counting for each year of service an allowance of $1\frac{1}{4}$ per cent. of the first fifty dollars of the highest average monthly pay of the officer or employee during any consecutive ten years of service, and, in addition, $\frac{3}{4}$ of 1 per cent. of any excess of such highest average monthly pay over fifty dollars; but no pension must be less than \$20 nor over \$75 a month.¹⁴

¹⁴ Since the Grand Trunk Railway has important business in the United States its recent scheme of pensions, which went into effect January 1, 1908, deserves mention here. For many years the Grand Trunk Railway Insurance and Provident Society has furnished sickness and accident insurance and a death benefit. The new old-age pension plan has many excellent features. Officers and employees are to be compulsorily retired on reaching the age of 65 years, except by special action. A disabled employee may be retired at 60 years after 20 years of service; and any employee, after a service of 10 years may be eligible for a pension during disability. The rate of pensions is fixed by taking 1 per cent. for each year of continuous service on the highest average rate of pay during any ten consecutive years of service. Thus an employee in continuous service from the age of 30 years to 70 with the highest average rate of wages between 40 and 50 of \$1,000 per annum, would receive forty one-hundredths of \$1,000 or \$400 per annum. No pension is to be lower than \$200 per annum. No employee who sues the company for damages on account of personal injuries sustained by him in the course of

CRITICISM OF RAILWAY RELIEF FUNDS

The fairest starting-point for a criticism of the railway schemes of industrial insurance is the recollection of the condition of affairs in railway occupations before these plans were introduced, and a survey of the general neglect of this obligation by other employers at this time in the United States. Judged in this way the managers of the great transportation corporations deserve credit for their humanity, foresight, and energy in establishing and administering these funds. They represent an enormous advance upon anything hitherto known in this country, and they point the way to further progress. Their example is already stimulating other employers to think and act in the same direction. Their carefully kept records furnish a fund of statistics of experiences which will aid in improving future schemes. If at certain points we compare these pioneer methods with those more advanced in Europe, and especially in Germany, it is only because progress is desirable and comes partly by comparison; and because it would be fatal to settle down into national self-congratulation and stagnation when the fact is that we are only in the infancy of the movement. That the railway companies have found it economically possible and even profitable to go so far is a complete refutation of the oft-repeated assertion that, beyond paying market wages nothing further can be done; and the humanitarian reasons already given by the managers of these funds puts to silence the claim that social care of wage-earners is no part of the duty of employers. A breach is already made in the Chinese wall of the antiquated "economic-man" theory; an opening is already happily made for still larger applications of the same principles. Our criti-

his service will have any claim for pension. No legal right to hold a position or to receive a pension is given by this plan. The pension fund is administered by a pension committee.

cisms are designed to show in what directions the movement will logically and naturally carry us.

Motives of the companies.—As the managers of these companies must report to the stockholders they have thus far aimed to show that the expenditures on insurance made by them were justified on the ground that they increased the efficiency of the employees and so tended to produce higher dividends on investments. But there is also recognition of social obligation of capitalists who are in places of power.

The railroads began and are still moving on the principle that there is indissoluble mutuality of interest between employer and employee These provisions, so evidently actuated by truly humane purpose, have inevitably resulted in improved mental, moral, and physical conditions, thus developing a reciprocal feeling between capital and labor, and at the same time energy has been vitalized and ambition stimulated among the rank and file of railway employees.¹⁵

As will be shown, these desirable results have been achieved chiefly at the cost of the employees; the aid of the companies being valuable but financially subordinate in case of sickness, accident, and death benefits. In case of old-age pensions, however, the burden is carried entirely by the companies. But from any point of view the employees have great advantages. They are interested in the administration of the relief departments; they are directly represented by their elected representatives on the advisory committees; the department serves as a friendly bond between workmen and employers; misery and sorrow are mitigated; the health and force of the workmen are improved, and labor becomes thereby more productive and remunerative. Ordinarily the employee when injured prefers to accept the certain and considerable indemnity offered in ready cash by his fund to the uncertain outcome of a costly legal process which will make him lose his occupation when restored to

¹⁵ Riebenack, *op. cit.*, p. 8; see also address of J. C. Bartlett, in 1897, before the St. Louis Railway Club.

health or his pension in old age. The manly virtues are fostered, since the workman no longer is obliged to accept charitable relief as in former days. An unsystematic, unorganized, and unequal charitable relief is displaced by a purely economical method, in which the burdens are equitably distributed over many, and the advantages may be taken without loss of self-respect. After a long illness the employee does not return to work discouraged and enfeebled by a load of debt, with his savings dissipated by expenses. That part of his earnings which might in many cases have gone for drink or other useless consumption under this system goes to purchase insurance against a time of need. The provision for immediate medical and surgical aid helps to prevent much illness, and men are not driven to return to work before it is safe, since they and their families have means to meet the more urgent needs of existence. At first the administrators and clerks were unwilling to accept the burden of caring for the fund, because it demanded many new duties and extra work; but gradually the manifest advantages won their approval.

Security of funds and payments of indemnities.—There seems to be no ground for doubt that the funds are secure and that the promises of the relief department will be met. The companies guarantee the financial obligations and have a plan which provides for payments as they are required by the contracts.¹⁶ The significance of this fact cannot be too strongly emphasized. It means that only under expert management and in connection with very large associations of men is social insurance real "assurance." The honesty and efficiency of administration are here guaranteed as substantially as they can be made under private management; and the publicity of accounts is further security for sound business management. Much of the subjective value of

¹⁶ Riebenack, *op. cit.*, p. 32; Willoughby, *op. cit.*, pp. 310, 315.

insurance to workingmen lies in the certainty that what they pay out will sacredly be kept for the purpose for which they have made sacrifices and parted with their hard-earned money.

Adaptation.—The division of the members into five classes is a suitable means for its purpose which is to make the expenses and benefits of insurance proportionate to the abilities and needs of the different classes of employees. Further elasticity has been secured by the provision in the constitutions of practically all the departments, that members may, if physically sound, be assigned to a higher class than that to which the amount of their wages would entitle them, and by the opportunity offered them to take out additional death benefit insurance.¹⁷

Adequacy.—The indemnities, as already shown in the tables, for disablement for accident and sickness, and the death benefits from both causes are sufficient to meet moderate demands.

Equity of the burdens.—In the description already given the distribution of cost of insurance for sickness, accident, death, old-age, and incapacity, the division and placing of the burden have been stated. In one respect the railway corporations seem to have the most liberal plan yet offered—they pay the entire cost of old-age pensions. The only short-coming here lies in the guarantee of specific amounts; “ratable reductions” in the payments of pensions are provided for. The legal basis of the system is not absolutely reassuring, since all rests on the good-will of the company, and no contract or legal obligation exists. In a country with a completely developed system of insurance the provision for invalidism and old-age is placed on the solid foundation of a specific legal obligation and funds are provided, under public control, to meet the obligation. There is little probability, however, of the abandonment of these schemes by any railway corporation.

¹⁷ Willoughby, *op. cit.*, p. 310.

Why do the companies prefer to assume the entire cost of the invalidism and old-age pensions? The usual answer is that if the employees pay part of the premiums they must be admitted to share in the administration, and this might complicate relations with the trade-unions. Perhaps there are other reasons. Perhaps the companies wish to use the pension scheme to prevent litigation in case of accidental injuries. Perhaps the companies are not ready to make contracts absolutely binding them to provide pensions in the future. During the time of experiment the management must feel its way along and modify measures according to experience. It is not necessary to keep a very large fund on hand for accident or sickness insurance; the income covers the expenditures each year or within a relatively short period; but in the case of pensions one must reckon with long periods for which large funds must be held in reserve.

The accident insurance is closely connected with sickness and life insurance, and this fact somewhat complicates the situation, especially as the employing company is legally liable for disability only where it is due to the negligence of the employer. In criticism of the schemes under review we must keep in mind the employers' liability law elsewhere discussed. It could hardly be expected that a private company would move very far in advance of the requirements of law. Indeed it may be said to the credit of the companies that they have voluntarily organized and substantially aided the departments of accident insurance without direct legal compulsion. At a time when the narrow legal provisions of the employers' liability law were generally regarded as substantially equitable, when it was supposed that each employee individually assumed the ordinary risks of a hazardous occupation in the act of accepting employment and was expected to provide for himself out of wages and savings,

it was an almost revolutionary step for an employing corporation to admit that this ethical and legal rule was not satisfactory, and to make at least partial provision for indemnities by associated action with the workmen and by making considerable contributions to the funds. But as the community comes to discover and accept the principle of "professional risk," that a business which does not make good, as far as indemnity in money can do it, the losses of human energy as well as of broken and worn out machinery, is parasitic and socially bankrupt, the schemes of the railroad companies will no longer satisfy the reason and conscience of men. According to the new ethical principle which has practically won acceptance in Europe, the employers should pay all the cost of accident insurance, and the question of liability for negligence should not be considered except where there is manifest criminal action. But these railway schemes compel the men to pay much the larger part of the premiums out of their wages; and then they are liable to lose their claim upon the fund if they claim their legal rights under existing liability laws. Indeed it was chiefly to escape from the annoyance and cost of damage suits that the scheme was founded. There are antagonistic opinions on this point, and in fairness both must be stated.

Mr. Riebenack states the side of the corporations thus:

The applicant for fund membership enters into an agreement with the fund to accept, in the event of sustaining disablement by injury while in the service, and in the performance of service duties, the accident benefits specifically prescribed in fund regulations. This is a distinct agreement, with a good and valid consideration, made between proper contracting parties, and, therefore, invested with due legal status. . . . This manner of fund agreement does not deprive the member from instituting legal proceedings instead of taking the rate of compensation offered by the fund. It does provide, however, that when the member disregards his plain obligations under its terms, he

thereupon forfeits his rights to fund benefits, and the question of company compensation will then depend wholly upon the merits of the case from a purely legal standpoint.¹⁸

The same opinion is defended by E. R. Johnson, in *Railway Departments for the Relief and Insurance of Employees*, 2d ed., March, 1900, p. 99; and by J. C. Bartlett, in *Railway Relief Departments*, 1897.

Willoughby represents another point of view:¹⁹

Even the little contribution that they (the corporations) do make is more than offset by the fact that the companies have used these departments to protect themselves against suits for damages on the part of their employees. The regulations of all the departments stipulate that members, or their beneficiaries, must elect, whether they will sue the companies for damages on account of the injures they have received, or accept the benefits of the relief fund. If they choose the former, they thereby forfeit all claim to the latter, and the acceptance of the latter acts as a renunciation of all legal claims they may have against the companies. The departments are largely supported by the members themselves, and the receipt of benefits in return should in no way abridge their legal rights. The provision that the benefits, as far as they are paid from contributions made by the roads, should be considered as a part payment of any damages that might be recovered against the company might possibly be defended, but that the act of bringing suit should work a forfeiture of acquired rights is thoroughly immoral and contrary to public policy. The men have made payments for a particular purpose. That to cancel their rights is an injustice, it would seem must be beyond question.

The objections of the employees are gathering force for an attack on these schemes on grounds similar to those urged by Willoughby. Thus Mr. E. E. Clark, former representative of the Order of Railway Conductors, has said:

The employees of the companies which conduct such departments in speaking when they are not afraid to speak plainly generally express the conviction that in so far as an employee who is a member of the department is concerned, he feels that if he should withdraw from it

¹⁸ Riebenack, *op. cit.*, p. 33.

¹⁹ *Workingmen's Insurance*, p. 316.

he would incur the displeasure of his employers, and that, when the opportunity is offered, a fellow employee who retained membership in the department would be given a preference over him, and that so far as applicants for employment are concerned, the man who is not ready and willing to join the relief department, is not needed and does not secure employment.

The applicant for membership in a relief department is required to execute a contract that, in the event of his being injured in the performance of his duties and of his accepting the benefits provided in the department for such cases, he thereby releases the employing corporation from all liability under the statutory or common law. This means that if a member of the department is injured through neglect of the company or of its agents and, believing that no permanent disability is to ensue, he accepts the first month's benefits provided by the relief department and tendered by the company and, later, finds that he is disabled for life or his death ensues, all efforts to recover damages from the company are forestalled by the company pleading the contract which the employee signed when becoming a member of the relief department.²⁰

Mr. Clark admits that the contract is legally valid under the common law, but claims that it is unjust and cites the Iowa law forbidding the making of such contracts as the right method of correcting the evil. The bill introduced by employees of the Chicago, Burlington and Quincy road in the Illinois legislature of 1907 shows that this revolt is general and before long will be successful. The relief departments must be fair and not take advantage of the employees in their economic need of employment to force upon them an inequitable contract under the pretense that they are free to accept or reject it. It is evident that this dispute would cease if the principle of the British compensation law or some insurance law requiring the employers to pay at least half the premiums and all expenses were to be introduced.

The necessity for accident insurance is made plain by the

²⁰ *National Civic Federation Review*, March, 1905.

statistics of casualties in the railway service. Only in this occupation have we approximately accurate records, and this because the federal law applied through the Interstate Commerce Commission makes reports of accidents obligatory. The report of the commission for 1904 shows the number of railway accidents from 1888 to June 30, 1904. The number of employees killed was: in 1888, 2,070; in 1904, 3,632; injured: in 1888, 20,148; in 1904, 67,067.²¹ There has been an actual increase in every class of casualty, with employees, passengers, and others. The use of safety devices of certain kinds, introduced after long opposition and delay, has diminished the frequency of casualties resulting from coupling and uncoupling cars. But from other causes the danger of accident has increased both relatively and absolutely. "In 1894 the liability to fatal injury to employees was as 1 to 428; in 1904 it stands as 1 to 357. If this comparison be made for trainmen, the liability to fatal accidents in 1894 was as 1 to 156; in 1904 it was as 1 to 120." If the corporations were legally obliged to pay all the premiums for accident insurance, as is done in Germany, instead of throwing most of the cost on their employees, this increase of disabling and fatal casualties would be reduced. The managers would discover devices for preventing this economic leak. So long as they can compel the workmen to bear the larger part of this burden this incentive to discover and introduce safety appliances is wanting.

The question is often discussed whether membership is compulsory or voluntary; for the situation is all the more irritating to the men if they believe that they are economi-

²¹ A statement of the Interstate Commerce Commission, July 8, 1908, says that during the year ending June 30, 1907, 1 trainman was killed for every 125 employed, and 1 was injured for every 8 employed. A bad showing.

cally compelled to sign contracts which they regard as inequitable. The testimony of Mr. E. E. Clark places beyond question the fact that the employees do regard themselves obliged to become members even against their judgment and desire as a condition of securing or retaining employment or of promotion. Mr. Riebenack's statement may be regarded as the official view of the companies:

Membership is purely voluntary. As a matter of fact compulsory membership is prohibited by the United States Arbitration Act of June 1, 1898. It is sometimes held that membership is nominally voluntary but practically compulsory. This view undoubtedly rises from the circumstance that the companies, in accordance with the principle observed by all large business undertakings requiring the constant employment of large numbers of men, exercise the generally conceded right to decide upon the physical fitness and general qualifications of applicants for positions in their service. In carrying out this principle the discriminations made between applicants may appear to the uninformed to indicate a disposition to enforce compulsory membership. . . . This is an erroneous conclusion.²²

But in another place he says:

In reductions of force, temporary or permanent, preference as to retention in the service will be given members of the Relief feature, other things being equal, over those in the same grades of service who are not connected with said feature.²³

It is precisely this kind of preference which the employees feel to be "compulsion."

*Age classification in relation to death benefits.*²⁴—The premiums paid by the men are classified by wage-earnings but not by ages. The fund thus raised is held for payments of indemnities not only for sickness and accident but also for death; and in this latter fact we come into the field of life insurance. It is a generally accepted principle of life

²² *Op. cit.*, p. 32.

²³ *Ibid.*, p. 45.

²⁴ *Ibid.*, pp. 311, 312.

insurance that premiums ought to be graduated according to age, since it is unjust to compel a young man to pay as much as an older man. Perhaps it would be difficult in practice to grade the premiums by ages so long as all are paid confusedly into one fund; and this would seem to be an objection to such confusion. An element of unfairness remains which could be removed only by treating each kind of insurance apart, and fixing the premiums to meet the average risk by age and by form of occupation.

That part of the fund which is paid by the employees for life insurance proper (death benefits) was paid with the hope and expectation and understanding that it should be available for their families in case of death. The part paid for protection in case of disablement by accident or illness was contributed only to meet the needs of the current year. When the corporations upon discharging a man decline to reserve for him any equitable claim on the fund they violate a plain moral right which life insurance practice and legislation have long recognized. That the workman is required to sign away this claim in advance when he enters the relief department does not alter the fundamental moral equities of the situation. Here also the failure to distinguish between accident and sickness insurance on one side and death benefits on the other leads to error and wrong. It is fair now to quote the defense made by the official representative of the railway departments:

No provision is made for the return to members of the relief fund who leave either the service or the fund, of any proportion of their contributions, for the reason that during their connection therewith they have been protected against sickness and accident at a minimum cost, and to make repayments would necessitate an increase in rates, which would entail added expense to all members. It is also a fact that the laws of some states prohibit the continuance of fund death benefits after employees leave the service of the interested corpora-

tion, as being an infringement on and violation of existing legislation for the government of insurance practice.

In some companies the right to continue in the fund after leaving the service, on condition of regular payments of dues, is recognized.

These criticisms, if valid, prove only that the schemes ought to be revised and improved; in spite of them it remains true that the relief departments secure accident and sickness insurance at relatively low cost and represent an important advance on the conditions before their establishment. The next step is to secure national and state legislation requiring the companies to furnish adequate insurance against loss by accident, disease, and invalidism due to the employment, on condition that they be released from further liability, except in case of wilful negligence and violation of laws requiring protective devices.

CHAPTER IX

MUNICIPAL PENSION SYSTEMS AND PENSIONS FOR TEACHERS

It is in the field of social care for firemen, policemen, and teachers of public schools that Americans are preparing their own minds most directly for industrial insurance, and it is there they are working out methods and constructing administrative machinery which will be models for the system of compulsory insurance of workingmen which seems almost at the door. The firemen and policemen are exposed to perils which make their appeal to the popular imagination, although loss of limb and life may be actually no greater than in several important industries. The servants of the public are constantly before the eyes of citizens, their exploits are heralded by the newspapers, and their deaths are made known to the world. Something of the glory of soldiers surrounds their activities in defense of property and life. Formerly the injured firemen and policemen, or the families of those killed in the course of duty, were aided chiefly by charity balls for which tickets were peddled by policemen from door to door, and this up to very recent times. This method was annoying to the public and humiliating to municipal employees, and it seriously interfered at times with their regular duties.

Then came the voluntary associations of firemen and of policemen, with their monthly dues and benefits at death. But this method was also inadequate, uncertain, and unreliable. Within recent years a regular system of municipal insurance has been legally established in several cities of the United States, and methods are gradually improved and developed. We find record of a law of New York enacted

in 1871 providing for pensions of firemen, and in 1878 the policemen were similarly protected. The systems of various cities are by no means equally complete. In some places only retired and disabled officers are pensioned, while elsewhere widows, orphans, and dependent parents are aided.

The motives which have been effective in establishing these systems are worthy of note, for their significance extends far beyond their present sphere of action. First of all, it is felt to be shameful to permit the family of a man who died in the effort to protect life and goods to live in want and misery; the feeling which established veterans' pension funds is alive in these organizations. Furthermore the failure of the unaided efforts of the officers in their mutual benefit associations showed the necessity for a larger measure of municipal direction and public assistance. Then it became clear that the pension funds enable faithful men to give their undivided attention to the service of the public without distraction of schemes to make money for old-age support in addition to the work of each day. Pensions for disability and old age tend to make the officer more faithful, careful, sober, steady, and to retain him in the service of the city. The hope of a pension at the end of a long period prevents frequent changes in the force, since men are not apt to desert an employment after a time and thereby lose their claim on support in the time of old age.

A somewhat detailed description of the Chicago system may serve to illustrate the tendency in our cities, and to afford a more definite and adequate conception of kindred schemes elsewhere.

The police fund is controlled according to a state law.¹ The law of April 29, 1887, is the basis. There are several sources of income mentioned in the law: (1) three-fourths of all moneys received for taxes or for licenses on dogs;

¹ Hurd, *Illinois Statistics*, 1903, pp. 364-68.

(2) three per cent. of licenses of saloons and wholesale liquor dealers; (3) moneys paid for special services of policemen; (4) one per cent. of the monthly pension of each pensioned policeman; (5) fines imposed on policemen as a disciplinary measure; (6) the proceeds of sale of lost or stolen property unclaimed from pawnbrokers, second-hand dealers, and junk stores; (8) fees and fines for carrying concealed weapons; (9) one-half of costs collected for violating city ordinances; (10) rewards given to policemen, unless exception is made by chief of police; (11) one per cent. of monthly salary deducted from pay-roll; (12) three per cent. of all licenses not already mentioned up to \$25,000 per annum (law amended, 1903).

After the fiftieth year of age and the twentieth year of service the policeman is entitled to a pension of 50 per cent. of his former annual salary, but not more than \$900 nor less than \$600. In case of his death the widow receives the pension until her remarriage and the children until they are sixteen years old. If the policeman is disabled in service he receives a pension. The figures for 1906 show the following results: Officers who have retired after a service of 20 years, 136; widows of officers who had served 20 years, 44; beneficiaries on account of disablement in service, 26; widows of officers who died in the service, 86; widows of officers who died after service of 10 years, 157; guardians of minor children, 14; total number of beneficiaries, 463. The monthly pay-roll of the fund calls for \$22,000. The monthly income is \$23,000. This apparently indicates an accumulation in the general fund; but in fact the number of pensioners increases faster than the income. It was the intention of the founders of the fund to set aside out of the surplus a fund for investment of \$300,000, but the revenues have not made it possible to realize this hope. In order to spur the members of the corps to faithful activity in defense

of the public a notice was issued to the officers which called their attention to the fact that according to the law their pension fund would be augmented by fees and fines collected by them. The tendency of course is to keep the policemen alert and active in discovering and arresting violators of city ordinances and state laws. No record enables us to say how much this salutary influence is weakened by direct bribes paid into the hands of officers to induce them to relax their vigilance. The administration of the fund rests with a board composed of 5 persons; of whom 3 are chosen by the mayor and 2 are elected by the officers themselves.

The firemen's fund of Chicago is based on the same principles as those of the policemen's fund. The law of Illinois in accordance with which the fund is governed² provides that the fund shall be fed from various specified sources: one per cent. of license fees; not to exceed one per cent. of the salary of members, to be deducted monthly from pay-roll; all rewards, fees, gifts, and emoluments paid for extraordinary services, unless specially granted to the member by the board; fines and penalties imposed on members of the departments; gifts and legacies, if any; interest on invested funds up to \$200,000; up to 2 per cent. of gross receipts of foreign fire insurance companies, that is companies not chartered in Illinois. The board of trustees of the Firemen's Pension Fund is composed of the treasurer, clerk, attorney, marshal or chief officer of the fire department, and the comptroller of the city. This board has power to administer the fund and to decide all questions as to applications for benefits without appeal. The board reports to the municipal council. During the year 1905-6 the total number of pensioners was 449; the monthly income of the fund, \$9,500; monthly pensions paid, \$11,000; amount

² Hurd, *Illinois Statutes*, 1903, p. 368.

accumulated toward permanent fund, \$151,000. All claims are paid in full. The income did not meet all needs and the permanent fund has been drawn upon to prevent deficits. But plans have been made for doubling the fees taken from foreign insurance companies. The fund is not large enough to retire some of the older men who ought to be retired. The rates of benefits at retirement are: for disability, monthly one-half of the former salary; the widow of a member who dies in the service, receives, so long as she remains unmarried, \$30 monthly; the guardian of minor offspring, \$6 for each child up to sixteen years of age; in all not exceeding one-half the monthly salary. After 22 years of service a member who is fifty years of age may be retired with a pension of one-half his monthly salary; light duties may be assigned to those who are able to work, if emergencies exist; after decease his widow until her marriage and his young children have the pension. By an ordinance of the city of Chicago a member of the fire department who is disabled may receive his full salary for 12 months. This is true also of policemen, but the pension is not paid during this period.

The fund of the fire-insurance patrolmen, employees of the board of underwriters, is interesting. It is administered by a board of trustees. The income is derived from an assessment of 1 per cent. of the salary deducted monthly from pay-roll; up to 2 per cent. of funds devoted to support of fire-insurance patrol by the insurance companies; all rewards, fees, gifts on account of extraordinary service (unless specially granted by the board); and interest on any fund accumulated. The benefits assured are: disability, retirement pension of one-half the salary; in case of death, the widow of a member receives, until she is remarried, \$30 a month, the children receiving \$6 each up to the sixteenth year of age; in all not more than one-half the salary. If

the expenditures outrun the income the benefits are proportionately scaled down. In case of retirement after the fiftieth year of age and the twenty-second year of service the pension is one-half the salary. These pensions cannot be attached for debts. At the time of the report (1905-6) the number of fire-insurance patrol companies in Chicago was 8; the pensioners, 9 (one widow, one disabled man, and 6 children); monthly payments, \$139.16. The cost of operating the department is \$130,000 per year, of which 2 per cent. goes to the fund. The permanent fund is \$100,000.

Here we have a private corporation which has been granted by state law the right to assess the salaries of its employees 1 per cent. and to create a fund to which the fire-insurance companies contribute about 1 per cent. of premiums collected. This is apparently compulsory insurance and covers accident, sickness, invalidism, old age, and pensions to widows and orphans. This fund raises very interesting questions about the constitutionality of such a law, the right of injured employees to sue under the employers' liability law, and the cost of premiums of such insurance.³

PENSIONS FOR PUBLIC SCHOOL TEACHERS

It seems desirable to treat this subject briefly in connection with industrial insurance because it is a system in which the principle of public care of low-paid employees is involved; because the teachers of American cities are in close contact with the population of wage-earners; and because the methods worked out promise to help develop similar provisions for workingmen.⁴ The need of provision by

³The legislature of Illinois (Acts of 1905, pp. 96, 100) modified and extended the provisions of former laws in an act to provide pension funds for municipal employees and an amendment to the firemen's pension fund.

⁴REFERENCES: *Report of Committee on Salaries, Tenure and Pensions, of National Educational Association, 1905*; W. F. Willcox, *Bulle-*

pensions for invalidism and old age has long been keenly felt among those who desire to make teaching a life profession. The salaries are painfully inadequate to cover the cost of such provision. Numerous and pathetic attempts have been made by teachers themselves to organize insurance and the entire subject has been carefully investigated by a committee of the National Education Association.

In the year 1900 there were in the United States 446,133 teachers (118,519 male, 327,614 female). In each state and territory the ratio of teachers to the total population of persons between five and twenty-four years of age has increased. In continental United States 26.6 per cent. of the teachers are males and 73.4 per cent. are females. The percentage of male teachers is decreasing and that of female teachers is increasing. In the cities with over 25,000 inhabitants of every main division of the Union about 80 per cent. are women; in the country the percentage of women teachers varies from 59.5 in the South Central division to 77.2 in the North Atlantic division. The median age of teachers has increased.⁵

The exhibit of salary schedules will show the need of pensions. The ordinary teacher belongs economically to the so-called "proletarians," and the recent organizations of trade-unions in affiliation with the American Federation of Labor are indications that many of the urban teachers share thoroughly the "class consciousness" of the wage-earners. The report of the National Education Association on salaries and tenure says:

On the basis of fifty weeks of work during the year the earnings of the laborers would in nearly every city exceed those of the lowest paid elementary teachers. The wages of laborers here given represent,

⁵in 23, *Census Statistics of Teachers*, Bureau of the Census, 1905; *Report of Commissioner of Education*, 1902, p. 712; 1903, p. 2449; 1907, p. 448.

⁶*Bulletin 23*, *Census Statistics of Teachers*, by W. F. Willcox.

it should be remembered, the earnings of the commonest untrained labor, while in scarcely any city of importance can a man or woman secure a position as teacher without some previous experience or special preparation (Report, pp. 146, 147).

The minimum yearly salaries of teachers in elementary schools ranged from \$216 (Burlington, Vt.) to \$552 (Boston) and \$600 in San Francisco, where cost of living is high. As illustrations of annual salaries in typical ungraded rural schools we may cite: in Minnesota the range is from \$320 to \$450 for men and \$200 to \$450 for women; in Iowa \$180 to \$300 for men and \$143 to \$360 for women.

Naturally the tendency under these conditions is to keep men out of the teaching profession and give over the schools to young and relatively inexperienced girls. There is no outlook for old age in the work of public-school teachers. In cities of 8,000 or over in 1904, 50 per cent. of all the male teachers had been engaged in teaching less than 13 years, while of the female teachers 53 per cent. are found to have been in the profession less than 10 years; for all the teachers in these 333 cities considered together 51.7 per cent. had taught less than 10 years; 10 per cent. of the men and 4.5 per cent. of women had taught 30 years or over.

The report of the National Education Association on salaries makes a distinction between a pension system in the proper sense and various schemes of mutual aid, including retirement funds and old-age stipends, maintained primarily by teachers themselves and at their own expense. The public authorities have hardly made a beginning in the recognition of a state duty to care for outworn teachers, and the service suffers in many ways from this neglect. Here and there we mark the beginnings of better things. In the year 1905 Mr. Andrew Carnegie showed his appreciation of the

situation by establishing his great fund of \$10,000,000 for pensioning college professors. Already the beneficial influence of this great gift is felt in higher education. It marks the way for future development in elementary and secondary education. The need for accident insurance is not much felt among teachers; the chief need is provision for illness, invalidism, and old age. Sickness insurance may easily be provided through mutual benefit associations, but old-age pensions require more solid foundations and larger funds carefully guarded.

The most direct and primitive method of providing benefits is through a voluntary association of the teachers themselves, without invoking authority or subsidy from the public. Thus we find mutual benefit associations, for temporary aid only, in Baltimore, St. Louis, Cincinnati, Cleveland, Buffalo, San Francisco, and St. Paul. These call for \$1 to \$2 initiation fee and \$1 to \$5 annual dues. Special assessments are sometimes made. Benefits in sickness range from 50 cents a day to \$10 a week; at death funeral expenses only are paid in some instances, and in others a sum equal to \$1 from each member of the association.

Associations for annuity, or retirement fund only, are found in New York, Boston, and Baltimore, and there is an annuity guild in Massachusetts. The initiation fees are \$3 to \$5. The annual dues are from \$5 to \$6 per week. The time of service required before enjoyment of the annuity is from two to five years with disability, or thirty-five to forty without disability. In Harrisburg, Pa., the teachers maintain a voluntary pension or annuity fund, but receive no assistance from the board. A somewhat similar arrangement is reported from Norwich, Conn. Philadelphia has a charity fund, known as the Elkins Fund, of \$1,000,000 which provides for superannuated and indigent teachers. The report of the National Educational Association marks

a natural tendency to abandon or merge the voluntary schemes where the stronger and more reliable legal measures gain a footing.

The necessity for having a legal basis for pension funds found expression in plans for requiring teachers to permit the deduction of a part of their salary for the maintenance of the fund. Such a law was passed in Ohio, but it was resisted by teachers of Toledo and failed in a test case before the Supreme Court of the state. The Supreme Court of Minnesota annulled a similar law which was made for the city of Minneapolis. Perhaps these schemes ought to be defeated since they do not rest on any well-defined public policy of care for teachers at public expense, but merely impose the burden on the teachers themselves who need all their salaries for immediate use, and whose brief tenure does not warrant sacrifices for those who continue in the service.

The teachers who were anxious to establish pension funds have sought to avoid the constitutional objections which annulled the Ohio and Minnesota laws by creating a fund out of voluntary contributions supplemented by fines, donations, and other uncertain and irregular sources of income. Laws authorizing such a plan for all cities and counties of the state now exist in New Jersey, Ohio, and California; and applying to cities of 100,000 inhabitants or more, in Illinois. The Illinois law⁶ has recently been

⁶The essential features of the new Illinois law for the Teachers' Pension Fund in Chicago are: The administration of the fund is committed to a board of trustees of nine members, the secretary of the Board of Education, *ex-officio*, two members of the Board of Education, and six members elected by the teachers who contribute to the fund. The Public School Teachers' Pension and Retirement Fund consists of money paid in by persons desiring the benefits thereof, and of gifts or bequests and other sources not yet known. Teachers contributing to the fund are divided into four classes: (1) those who have taught five years or less; (2) those who have taught more than five years and not more

improved for it has long been regarded as very unsatisfactory. There is a law in Massachusetts which applies to Boston, and another to other towns and cities; in Rhode Island applying to Providence; and in New York and Michigan limited in action to certain cities.

Another stage of development is marked by state laws which provide state funds to be administered by local or state organs. The Maryland law of 1902 is a type of advanced action by a commonwealth:

Whenever any person in this state has taught in any of the public or normal schools thereof twenty-five years, and has reached the age of sixty years, and his or her record as such teacher has been without reproach, and by reason of physical or mental disability or infirmity is unable to teach longer, the said teacher may lay his or her case before the State Board of Education, and the said board shall proceed to consider the same, and if the facts are found as above stated, the said teacher shall be placed upon a list, a record of which than ten years; (3) those who have taught more than ten years and not more than fifteen years; (4) those who have taught more than fifteen years. Members of the first class, entering the service after the passage of this law, pay \$5 per annum; those in the second class pay \$10; those in the third class pay \$15; those in the fourth class pay \$30; those sums being deducted from salary payments. Teachers who have withdrawn from the fund may be restored to its privileges by returning all they have withdrawn and what they would have contributed, with 4 per cent. interest, and hereafter paying the sums due in their class.

Benefits are payable when a member has taught 25 years in the public schools, or after 15 years' service if disabled; three-fifths of the period of service being in the city. The pension after 25 years' service is \$400 per annum; and in case of disabled teachers, after 15 years' service, "such proportion of the full annuity of \$400 as the sum contributed by such teacher bears to the total contribution required for a full annuity."

The city treasurer is *ex-officio* custodian of the fund. If a teacher is not re-employed or is discharged, then such teacher shall be paid back the money he or she may have contributed under this law. Any teacher who shall retire voluntarily from the service, prior to entering the fourth class, shall receive a refund of one-half of the money he or she shall have contributed under this law. Annuities and pensions are exempt from attachment or garnishment or any claim of creditors. It is too early to form a judgment as to the value of the new plan.

shall be kept by said board, to be known as the "teachers' retired list," and the names upon said "teachers' retired list" shall be regularly certified by said board to the comptroller of the treasury of this state, and every person so placed upon the said retired list shall be entitled to receive a pension from this state of \$200 per annum, to be paid quarterly by the treasurer of this state upon the warrant of the comptroller.

It is interesting to notice that in this first distinct pension system for teachers a state board acquires an administrative function and power; and that the state acts independently of local bodies, as cities and towns. This method alone gives promise that all will be treated impartially and that local indifference and incompetence will not defeat the righteous purpose of the law. We find here a valuable suggestion for the way in which the state must go about establishing an effective plan of industrial insurance.

We may here examine the systems of three cities which seem to have developed most thoroughly a system of pensions, New York, Detroit, and San Francisco. The systems of Chicago, Charleston, and Jersey City are supported merely by deductions from salaries, with supplementary gifts from unreliable sources. The Poughkeepsie plan provides that 2 per cent. of the salaries be turned into the pension fund, while sums deducted for absence from duty, donations and legacies, are auxiliary sources. The law for this scheme was passed in 1902. In the city of Greater New York the retirement fund is fed from money forfeited or withheld for absence from duty, money received from gifts and bequests, 5 per cent. of all excise money or fees from licenses granted to sell strong liquors. The annuity is one-half the salary at the date of retirement, provided it does not exceed \$1,000 in the case of a teacher or \$1,500 in the case of a principal or superintendent; nor shall any pension fall below \$600.

In the city of Detroit the fund is supported from gifts and legacies; from money appropriated by the board of education or raised by act of the common council and board of estimates; tuition fees of non-resident pupils; interest on daily balances of moneys appropriated for teachers' salaries; moneys which the trustees of the retirement fund may transfer from the general fund. The general fund consists of deductions from salaries of teachers, not less than 1 per cent. nor more than 3 per cent., no deduction being made on a basis of more than \$1,000; income from interest of general fund; all moneys deducted from teachers' salaries for absence or for any cause; all moneys intended for the retirement fund and not left specifically to the permanent fund. The board of trustees consists of the president of the board of education, the president pro tempore of the board of education, the chairman of the committee on teachers and schools of the board of education; the superintendent of city schools, and three teachers in the city schools elected from contributors to the retirement fund by ballot, as the board of trustees shall prescribe, for a term of three years, one teacher being elected each year. The rate of deduction from salaries is determined by the board of education on advice of the trustees of the fund. When the permanent fund has reached \$100,000 no additions shall be made to it from salaries, except by a two-thirds vote of the board of education. The term of service required before a pension can be drawn is 30 years, of which 20 years must be in Detroit, or 25 years in the schools of Detroit. Teachers incapacitated for duty, having taught 20 years, of which 10 have been passed in Detroit, may be retired by a two-thirds vote of the board of trustees. Teachers who resign or are removed for cause, may apply after three months for such portion of money contributed by them as the trustees shall direct, not to exceed one-half of their contributions. An-

nuieties are not to exceed \$250. Current expenses of the board of trustees are paid from a maintenance fund of the board of education.

The sources of the fund in San Francisco are: assessments of \$12 per year deducted from the salaries of day teachers and \$6 per year from the salaries of evening-school teachers receiving less than \$50 per month; gifts and legacies, and not less than one-half the sums forfeited by absence from duty. The permanent fund is composed of 25 per cent. of all moneys from these sources to the amount of \$50,000 and of all gifts specifically bequeathed. The fund is administered by a commission consisting of the mayor, the superintendent of schools and the county treasurer who reports biennially to the supervisors. The retirement committee consists of five teachers, one at least from primary, and one from grammar schools, elected for 3 years. The term of service is 30 years, with 30 years' assessments. The annuity is \$50 per month. A proportionate annuity is paid to incapacitated teachers who have been contributors for at least 5 years. The annuity is suspended on return to public-school teaching, or when incapacity ceases, and if the person pensioned has received a sum which has reimbursed for former contributions. There is a provision for paying pro rata. Necessary expenses are paid from the funds.⁷

The law of Massachusetts applying to Boston, passed in 1900, was compulsory for all teachers who entered service after the enactment of the law and who voluntarily came under its provisions. The fund was maintained from gifts and legacies and from sums set apart by the trustees for the permanent fund; there was also the general fund made up of gifts and legacies not specifically assigned to the permanent fund, amounts retained from salaries and the interest

⁷ *Report on Salaries, etc.*, p. 183.

on the permanent fund. The Massachusetts legislature in 1908 passed laws relating to teachers' pensions, chaps. 498 and 589, Acts of 1908. The latter act was accepted by the Boston Board of Aldermen and the Common Council, and was signed by Mayor Hibbard on June 22. Two days later the School Committee passed an order appropriating, for this first year, \$63,891.51, which seems to be five cents per \$1,000 of valuation.⁸ Various cities have the matter under consideration. According to the new law the School Committee of Boston is required forthwith to establish a permanent school pension fund, the rate of pension in no case to exceed \$180 per year. The care of the fund is vested in a board of three trustees; the city treasurer is custodian. The School Committee is authorized to add to its levy of taxes a rate of five cents per \$1,000 of valuation to maintain this fund. Pensions cannot be paid beyond the resources of this fund. The School Committee has authority to retire a teacher who has become incapacitated for duty. The normal rate for persons of sixty-five years is \$180, and teachers retired under that age and with less than thirty years of service, receive pro rata smaller pensions.

The other act (chap. 498) authorizes the voters of any city or town to establish a pension fund for teachers, and to maintain it by taxation. The pension is to be normally one-half the salary at time of retirement and never more than \$500.

The Ohio law, passed in May, 1902, extends the benefits of a permissive system to all school districts of the state; the authorities of each school district are granted the right to create a fund and retire teachers, but the act does not make it mandatory. The income is derived from payments by teachers of \$2 per month, or \$20 a year, deducted from the salaries of those teachers who have declared a desire to

⁸ Data kindly furnished by Mr. M. C. Bradley, Actuary.

become contributors and subsequently beneficiaries of the fund. The school authorities may retire a teacher from service on account of mental or physical disability and apply the pension provisions after 20 years of service, provided that three-fifths of that time have been spent in the service of the district or county and two-fifths in other parts of the state or elsewhere. The term teacher includes principals and supervisory officers. The right to retire voluntarily and draw pensions is accorded to men and women alike after they have taught 30 years. The amount paid is \$10 a year for every year served, but is in no case over \$500 a year. Both interest and principal may be drawn upon to pay pensions. Certificates are given teachers each month showing what amount has been withheld from their salaries. In case a teacher resigns and retires from the profession she may claim one-half of the sum she has paid into the fund during her service in the school. The new school code of Ohio, passed April 25, 1904, contains the following clause:

Any board which has created, or shall hereafter create, a teachers' pension fund, shall pay into such fund all deductions, fines, penalties, and assessments made against teachers and other employees of the board. Such board may also pay to such pension fund, out of the contingent fund, not to exceed 2 per cent. of the amount raised by the board from taxation.

The next logical step will be to make the law mandatory, applicable to all teachers in all districts, make the system a state system rather than local, and contribute a more liberal sum from the general taxation. But this will take time.

The state of New Jersey, in Article 27 of its school law, provides for the retirement of teachers. A board of trustees administers the fund and pays annuities according to the terms of the law. Any teacher may be retired on pension after 20 years of service, in case of disability, receiving one-half the average salary for the five years before retirement.

TABLE I
CHARTS ON PENSIONS AND RETIREMENT FUNDS
*Firemen's Pensions—Fund**

	Former members be- longing to said fund	Fines on members of the depart- ment	Rewards, gifts, etc.	Certain license fees	Proceeds from the sale of old department property	Deduction on account of absence, etc.	10% of the excise tax	10% of salaries
New York, N. Y.								
Columbus, O.		"	"	"				
Syracuse, N. Y.		"	"	"				
Toledo, O.						Tax	"	
Washington, D. C.								
San Francisco, Cal.	Levied by tax							
Buffalo, N. Y.	Former relief fund	"	"	"			3% of the state liquor tax	

* From A. W. Butler's Paper, *N. C. C.*, 1906.

TABLE I—Continued
*Firemen's Pensions—Benefits**

	Disabled	Retirement	Widows	Children	Independent Parents
Ohio	\$50 per month ½ former salary	After 25 yrs. \$40 per mo ½ former salary after 23 years service	\$20 per month \$300 per year	\$6 per month Not to exceed \$300 per year	\$20 per month ½ son's former salary
Boston, Mass.	.....	.....	.....	.....	.....
Chicago, Ill.	Not to exceed \$100 per month	.....	.....	.....	.....
Cincinnati, O.	.....	.....	.....	.....	.....
District of Columbia	.....	.....	.....	.....	.....
Grand Rapids, Mich.	.....	.....	.....	.....	.....
Hartford, Conn.	.....	.....	.....	.....	.....
Jersey City, N. J.	Not to exceed \$100 per month	.....	.....	.....	.....
Lowell, Mass.	.....	.....	.....	.....	.....
Lynn, Mass.	.....	.....	.....	.....	.....
Milwaukee, Wis.	.....	.....	.....	.....	.....
Minneapolis, Minn.	.....	.....	.....	.....	.....
Newark, N. J.	.....	.....	.....	.....	.....
New Orleans, La.	.....	.....	.....	.....	.....
New York, N. Y.	.....	.....	.....	.....	.....
Omaha, Neb.	25% of former salary	.....	.....	.....	.....
Paterson, N. J.	.....	.....	.....	.....	.....
St. Joseph, Mo.	.....	.....	.....	.....	.....
St. Louis, Mo.	former salary	.....	.....	.....	.....
Syracuse, N. Y.	.....	.....	.....	.....	.....
Toledo, O.	.....	.....	.....	.....	.....
Troy, N. Y.	.....	.....	.....	.....	.....
New Jersey	.....	.....	.....	.....	.....
Columbus, O.	.....	.....	.....	.....	.....
Baltimore, Md.	former salary	.....	.....	.....	.....
San Francisco, Cal.	former salary	.....	.....	.....	.....
Buffalo, N. Y.	former salary	.....	.....	.....	.....
Providence, R. I.	Not to exceed \$600 per annum	.....	.....	.....	.....
Indiana	former salary	.....	.....	.....	.....

* From A. W. Butler's paper, *N. C. C.*, 1906.

TABLE II
*Police Pensions—Funds**

	Former police relief fund	Fines imposed on police	Rewards, fees, gifts, etc., to policemen	Lost, abandoned, unclaimed or stolen money and property	Deductions from salaries for absence, etc.	% of salaries	Money for bail bonds
Syracuse, N. Y.							
Newark, N. J.	"	"	"	"	"	1%	
Cleveland, O.	"	"	"	"			
Detroit, Mich.	"	"	"	"	"		
New York, N. Y.	Former police life insurance fund	"	"	"			
Indianapolis, Ind.	"	"	"	"			
San Francisco, Cal.	"	"	"	"			
Chicago, Ill.	"	"	"	"			

* From A. W. Butler's Paper, *N. C. C.*, 1906.

INDUSTRIAL INSURANCE

TABLE II.—Continued
*Pensions—Policemen**

	Retirement	Disability	Widows	Funeral Expenses
New Jersey.....	After 20 years 25 years, $\frac{1}{2}$ former salary	$\frac{1}{2}$ to $\frac{1}{3}$ former salary	\$300 per annum	\$1,000 150
Boston.....				.....
Buffalo.....				.....
Chicago.....				.....
Cincinnati.....	\$50 per month			.....
Cleveland.....	\$50 per month			.....
Dayton.....	\$40 per month			.....
District of Columbia.....				.....
Fall River.....				.....
Grand Rapids.....				500
Jersey City.....				.....
Louisville.....	20 years, $\frac{1}{2}$ former salary	$\frac{1}{2}$ former salary		.....
Newark.....		\$300 to \$600 per year		.....
New York.....				.....
Paterson.....				.....
Philadelphia.....				.....
Pittsburgh.....				.....
Providence.....				.....
St. Louis.....				.....
St. Paul.....				.....
San Francisco.....				.....
Trenton.....				.....
Wilmington.....				.....
Worcester.....				.....
Syracuse.....	$\frac{1}{2}$ former salary, 20 years' service	From \$300 to \$600 per year		.....
Detroit.....	\$40 after 25 years' service			150
Indiana.....	$\frac{1}{2}$ former salary	$\frac{1}{2}$ former salary	\$20 per month	.....

* From A. W. Butler's paper, *N. C. C.*, 1906.

TABLE III
SUPPLEMENTARY TO GOVERNMENT AND MUNICIPAL PENSIONS BY AMOS W. BUTLER
Status of Teachers' Retirement Funds in 1897. *Review of Reviews*, Vol. XX

* The legislature of Illinois, in its session of 1907-8, enacted a new law for Chicago. Under this law the sources of funds will be premiums paid by teachers, gifts, and city funds. All teachers employed after the law is effective are required to contribute to the fund, and the older teachers may become members on complying with certain conditions. The dues are \$5.00, \$10.00, \$15.00, and \$20.00, according to class, the class being fixed by length of service. The annuity after 25 years of service is \$300.00, in case of permanent disability of a teacher, contributions to the fund. Arrangement is made to refund payments made by a teacher who is discharged and one-half the payments made by a teacher who retires voluntarily.

The minimum annuity is \$250 and the maximum \$600. No teacher can be retired under these legal provisions unless he or she shall have first paid into the fund such sum as shall make his or her total payments into said fund equal to at least 20 per cent. of his or her average annual salary for the five years immediately preceding the time of retirement. The fund is maintained by deductions from salaries, 1 per cent. of annuities, gifts, legacies, and interest on investments of the funds.

In 1895 a law was enacted in California (amended in 1897 and in 1901) to create a public-school teachers' annuity and retirement fund in the cities and counties of the state. Teachers become contributors and beneficiaries by signing a contract and paying dues. The benefits accrue to members who have served 30 years in the schools of the state.

The tendency of a system of pensions and sickness insurance is to lengthen the period of service, and thus to increase the number of teachers who have a strong professional spirit and who have time to give the community the advantage of long experience. At the same time it is easier to remove from the service those who are too old and feeble to be efficient without inhumanity. But such pensions ought not to be paid out of the meager salaries even now too low; they should be supported from taxation, only those receiving over \$1,000 being required to contribute and having higher rates of pensions on this account.

CHAPTER X

THE PENSION SYSTEMS OF THE UNION AND OF THE SEVERAL STATES

The federal government.—This system is instructive in relation to workingmen's insurance both as a precedent and as a warning. The costly errors committed in its foundation and administration will warn the future legislator to prepare carefully and scientifically in advance a consistent and reasonable plan. The pension idea itself, in spite of faults of law and administration, has already prepared the way for insurance of old age for wage earners. From the beginning of our history as a people the pension method of caring for servants of the community has been familiar. The earliest settlers of New England adopted the principle that it was both the duty and the interest of the commonwealth to provide pensions for those who risk their lives in war for the defense of all.

In 1636 the Plymouth Pilgrims enacted a regulation that whosoever should set forth as a soldier and return maimed should be maintained by the colony for the rest of his life. The Virginia Assembly of 1644 passed a law providing pensions for disabilities. Our first real pension law was passed by the Continental Congress, August 26, 1776.

The central and state governments thus sought to encourage enlistments in times of national danger.

With the beginning of the Civil War pensions there is noted increasing liberality in conducting pension affairs. Up to 1879 a man, to be eligible for a pension, must have applied within five years after his discharge. The Arrears Pension Act of 1879 is one of the most noted of our pension laws. It provided that all pensions which had been granted under the general laws regulating pensions should commence from the date of the discharge of the person on whose account the pension had been granted. The rate of the pension for the inter-

vening time from which the pension had been granted was to be the same as that for which the pension had been originally granted.¹

From this time the sums expended rapidly increased.

Military land grants.—Ever since the War of the Revolution the government has given land freely to veterans of the wars. In addition to grants made by special acts of Congress the government has issued since the war for independence 598,628 warrants for 783,030 acres (Rep. Com. of Pensions, 1906, p. 10).

In this connection we must compare the expenditures for pensions in this country and in Europe. It is true that we have no industrial insurance systems, but we give to a large number of superannuated workers a vast sum in the form of veteran pensions. In the year 1891 Great Britain expended on military pensions £5,410,822, less than \$27,054,000; France, \$29,857,000; Germany, \$13,283,000; Austria, \$12,245,000. The expenditures of the United States for the same purpose in that year were \$118,548,959.² The disbursements for pensions by the United States from July 1, 1790, to June 30, 1906, were \$3,459,860,311.23.³ The amounts paid for the fiscal year 1905-6 were as follows:

Regular Army and Navy (invalids, widows and dependents)	\$ 2,521,802.10
Civil War, general law	56,789,837.93
Civil War, Act of 1870	74,010,063.41
War with Spain	3,442,156.53
War of 1812	101,278.27
War with Mexico	1,376,396.36
Indian wars	622,874.85
Treasury settlements	135,878.80

	\$139,000,288.25
Adding expenses of administration, total	139,881,726.85

¹ Butler, in *N. C. C.*, 1906.

² *Forum*, Vol. XII, p. 426.

³ *Report of Commissioner of Pensions*, 1906, p. 11.

The total number of pensioners on the rolls June 30, 1906, was 985,971. The highest number of pensioners at one time was \$1,004,196, on January 31, 1905. As the veterans are growing old and feeble the rate of mortality is high and the cost will rapidly decrease. Evils and abuses have been inevitable. For many years since the Civil War the nation has grown rapidly in wealth; the systems of tariffs on imports may have reduced the income of multitudes of consumers but along with the taxes on internal revenue objects, as alcoholic liquor and tobacco, have yielded the federal government an income sufficient to meet the expenses of military and civil service, to reduce the national debt to small proportions, and to produce an enormous surplus which has been a constant temptation to extravagance. Under these circumstances the veterans and their friends, with the aid of political pressure, have been able to secure from Congress such liberal laws as the civilized world cannot elsewhere show. As the manufacturers have desired to retain the high tariffs on imports as a protective measure they had to find a way, or many ways, to spend the surplus, and the soldiers could easily appeal to patriotic sentiment in asking generous pensions.

Homes for disabled volunteer soldiers.—In addition to their pensions, which may be used for the personal care and enjoyment of the men or for the support of their families, the disabled volunteer soldiers have the use until death of some one of the homes provided by the nation or by one of the states. The grounds of these homes are made attractive and are visited by many people on account of their beauty. The inmates are well fed, comfortably clothed in army uniforms, and receive the best medical care. Theatrical, musical, and literary entertainments are provided without charge, and chaplains conduct religious services. During the year ending June 30, 1905, 34,053 members were shel-

tered in the national and 19,677 in 30 state homes; a total of 53,730, an increase of 1,879 over the preceding year.⁴

The expenditures for 1905 of the ten branches of the National Home were \$3,343,696.67; the average annual cost per person was \$157.76; the average age of those who served in the Mexican and Civil Wars, 66.26 years; of the Spanish War, 37.56 years. The 34,053 persons received pensions to the amount of \$3,454,752.58 in charge of the superintendents; an average of \$122.82, of which \$786,-369.45 was paid to families and \$2,624,419.53 to the pensioners themselves. The amount paid to state homes was \$1,138,879.87. The state homes are inspected by officers of the National Home and reports are made to the board on their condition and management. The percentage of deaths to the whole number cared for rose from 0.655 in 1867 to 6.351 in 1905. Of the 34,053 in the National Home 12,374 had wives living, or minor children, or both, and 21,679 were single. The National Home owns 5,308.50 acres of land, valued at \$345,231.51, and buildings valued at \$9,401,651.68; total \$9,746,883.19. The budget calls for \$5,208,844 for 1907.

How far do these military pensions act as pensions for workingmen? On this point it is difficult to secure exact information. Most of the present pensioners went into the army as volunteer soldiers when they were quite young, and immediately after the wars returned to their ordinary vocations, if they were not too much enfeebled by disease or crippled by wounds. They came from all forms of industry. In appointments to civil positions the veterans have always been favored. Since the great majority of the old soldiers came from manual occupations, it seems fair to presume that

⁴ *Laws and Regulations, National Home for Disabled Volunteer Soldiers, 1906; Report of the Board of Managers of the National Home for Disabled Volunteer Soldiers, 1906.*

the military pension system has acted in great measure as a workingmen's pension system. Many of the old men and women who, in Europe, would be in almshouses are found in the United States living upon pensions with their children or in homes to which paupers are not sent, and they feel themselves to be the honored guests of the nation for which they gave the last full measure of devotion.

The extravagance and abuses of this military pension system have probably awakened prejudice against workingmen's pensions. The most severe criticism is based on the moral effects of having a secure income without saving or labor. Unquestionably some of the old soldiers have permitted themselves to live in idleness and vice because they were satisfied with a petty pension; just as numerous children of rich men are deprived of motive to struggle by the prospect of falling heir to wealth for which they render no equivalent. But most of the veterans did not thus ignobly decay in idleness. The vast majority of them returned to their occupations and made the most of the favorable opportunities. Many were mutilated or enfeebled and so could not find and retain positions in competition with stronger men. Their idleness was enforced. The argument from occasional abuses does not go far. Rich men continue to prepare fortunes for their children, although they are often enough reminded of the danger, and children rarely refuse to accept legacies because of the moral perils. Our nation will never retreat from its liberal policy toward the brave defenders of its life merely because a few will pervert its gifts. Old-age industrial pensions are offered by many intelligent employers precisely because they tend to foster economic virtues, and surely this system would not produce an opposite effect by being made universal. If workmen contribute to the fund their thrift is cultivated. All depends on the wisdom of the method.

Other federal pensions.—By the act of Congress of August 5, 1892, all women employed by the surgeon-general of the army as nurses during the Civil War, for a period of six months or more, and who were honorably relieved from such service, are granted a pension, provided they are unable to earn their own support. Under this law there were 624 pensioners in the year ending June 30, 1902.

Life-saving service.—The only law providing relief in the nature of pensions in the life-saving service is that contained in sects. 7 and 8 of the act of Congress, approved May 4, 1882. This provides that if any keeper or member of a life-saving or life-boat station shall be disabled by reason of any wound or injury received or disease contracted in the life-saving service in the line of duty, he shall be continued on the rolls of service at full pay for a period under no circumstance greater than two years. A bill to provide for the retirement of and for pensions to those engaged in the life-saving work was introduced in both houses of Congress during the 58th session, but failed to pass on a tie vote. President Roosevelt has shown his interest in insurance of workers in many ways, and his message of December 5, 1905, contains an argument not only for members of a particular service but for all workers on small pay:

I call your especial attention to the desirability of giving to the members of the life-saving service pensions such as are given to firemen and policemen in all our great cities. The men in the life-saving service continually and in the most matter-of-fact way do deeds such as make Americans proud of their country. They have no political influence, and they live in such remote places that the really heroic services they continually render receive the scantiest recognition from the public. It is unjust for a nation like this to permit these men to become totally disabled or to meet death in the performance of their hazardous duty and yet to give them no sort of reward. If one of them serves 30 years of his life in such a position he

should surely be entitled to retire on half pay, as a fireman or policeman does; if he becomes totally incapacitated through accident or sickness or loses his health in the discharge of his duty he or his family should receive a pension just as any soldier should. I call your attention with especial earnestness to the matter because it appeals not only to our judgment but to our sympathy, for the people on whose behalf I ask it are comparatively few in number, render incalculable service of a particularly dangerous kind, and have no one to speak for them.

Civil service pensions.—This subject has been long discussed in the national legislature. In the year 1898 a bill was offered in Congress which was intended to provide a pension system for all civil servants of the federal government. Under this plan 2 per cent. of the monthly salary was to be retained and invested by the Secretary of the Treasury. Four years after the first payments were made, retirements were to begin with life annuities of 75 per cent. of the highest pay at any time received by the retiring employee. Retirements after 20-years' service were to be either voluntary or compulsory: voluntary after 60 years of age and 25 years' service, compulsory after 70 years of age and 35 years' service. The Civil Service Commission was to act as the retiring board. Opinion has been divided as to the wisdom and fairness of this legislation. Advocates of the measure claim that experience in older countries teaches that the service would be improved because the employees could give themselves to their duties and could be dismissed without inhumanity when their power to work becomes too feeble for efficiency. Mr. Frank A. Vanderlip, who has had experience in high positions at Washington and is a banker of distinction, has thus expressed the argument in favor of civil pensions:

With the exception of the United States, all the great powers of the civilized world pension their civil servants. The question of civil pensions in the United States is one which deserves serious considera-

tion. The full working out of the merit system can never be accomplished until we recognize the principle of a pension for superannuated government employees. It is doubtful if there are any men who have ever been charged with the responsibility of an appointive office in the government service who have not come to recognize that need, and who have not been won over to the belief that it would be an economy in government administration if a proper system of civil pensions were devised.⁵

The widows of the presidents of the nation have been pensioned by special acts of Congress. The widows of the following have been thus pensioned: James Monroe (1836), Abraham Lincoln, James K. Polk, James A. Garfield, Ulysses S. Grant, and William McKinley. Since these pensions were intended by the nation to mark a signal honor it can hardly be claimed hereafter that equitable pensions to workingmen, based on life service in productive toil, and on their own contribution to the fund, can be considered unworthy or pauperizing.

Southern states.—The subject would not be complete without mention of the pension systems of the southern states provided for the veteran Confederate soldiers. It was manifestly impossible after the Civil War to provide at national expense pensions for those who had taken active part in an armed attempt to destroy the Union. But it was entirely proper for the individual states to make honorable provision for those who had enlisted at the command of those states. Naturally the pensions voted by the impoverished states have been modest in amount and have probably been more economically administered than the national pensions. Let Professor Glasson, an intelligent son of the South,⁶ who has given special study to pensions, tell the facts and interpret them in his own way:

⁵ *North American Review*, December, 1905, pp. 928, 929.

⁶ See article by Professor William H. Glasson, in *Review of Reviews*, July, 1907, pp. 40 ff.; cf. A. W. Butler, *N. C. C.*, 1906.

CONFEDERATE SOLDIERS' HOMES

Not only has the South memorials and sentiment for the Confederate dead, but also practical and generous care for the living. Everywhere aid is being extended to the surviving soldiers who are without means in their declining days. To relieve them from the stigma of depending upon charity and poor relief, liberal provision of soldiers' homes and of pensions has been made. Homes for aged and infirm Confederate soldiers are maintained by nearly all of the Southern States. These are of a similar usefulness—though necessarily conducted on a much smaller scale—to that of the homes for Union soldiers supported by the national government. An illustration of their work is found in the Jefferson Davis Memorial Home established in 1904 by the State of Mississippi at Beauvoir, the old home of the Confederate President. Up to January 1, 1906, 111 persons had entered this home, 101 being veterans, nine wives of veterans, and two widows. Their average age at the date of admission was about seventy-one years. In the two years, there were twenty-one deaths, at an average age of seventy-three and one-third years. The Mississippi Division, United Daughters of the Confederacy, aided in inaugurating the home by providing the funds for the erection and furnishing of four buildings. The amount expended for the home in 1906 was nearly \$28,000. In connection with it, a hospital for the treatment of invalid soldiers has just been erected.

North Carolina maintains a home for Confederate soldiers at Raleigh. The number of inmates in 1906 was 150, and \$15,000 was appropriated for maintenance and \$5,000 for improvements. In Arkansas, the home has from eighty to eighty-five inmates, and for the two years, 1905 and 1906, there was expended in its support \$37,850. Texas, in 1906, expended \$86,000 for the support of a home containing 320 to 340 inmates. Virginia expended \$35,000 for her soldiers' home in 1906. Florida maintains a home at Jacksonville. Similar work is being done by Georgia, Tennessee, Alabama, and other states.

CONFEDERATE PENSIONS

But the most substantial provision which the South has made for the veterans is that of pensions. The circumstances under which a Confederate pension system has been inaugurated in every Southern State are especially calculated to show the practical devotion of the South to the cause. After the war and the period of reconstruction, the South was ravished and exhausted. But with the first returning

conditions of prosperity, thought was turned toward making provision for the needy and impoverished Confederate soldiers. Though the South was paying tens of millions in indirect taxation to the national government which was expended in pensions to Union soldiers, she did not hesitate to make her burden a double one. The payment of pensions to invalid Union soldiers was very generally accepted as one of the results of the war. But such acts as that of 1890, under which vast sums have been paid out to former Union soldiers who received no disability in war and who are perfectly able to support themselves in comfort, and often in luxury, have certainly worked a grave injustice to the South. In so far as the national pension system has come to be a means of distributing surplus revenue throughout the country, it has surely been exceedingly inequitable to the South. But her comparative poverty and the unjustly large sums taken from her for the national pension system have not deterred the States of the South from one after another inaugurating Confederate pension systems. And the money for these pension systems has not been raised by indirect taxation as are the revenues of the federal Government. Southerners have voted pensions, liberal for their means, when the pension tax appeared on the face of every man's tax bill. Willingness to vote pensions and constantly increase them under those circumstances indicates a popular and deliberate approval of the expenditure and a desire to make it, even on pain of doing without much needed improvements in schools, roads and other public institutions.

THE GEORGIA PENSION SYSTEM

Georgia is the Southern State which has the most liberal and comprehensive pension system. From 1878 up to and including 1906 she has expended for this purpose \$10,275,000, and her annual expenditure is now between \$900,000 and \$1,000,000, a great annual sum for a single State of the South. Since 1896 she has had at the head of her system a commissioner of pensions appointed by the governor, and the development of her system has been in many respects, though on a smaller scale, similar to that of the national system. She began by expending, in 1879, \$70,580 for artificial limbs for disabled Confederates. In 1889 she began paying regular pensions to disabled and diseased veterans. Pension provision was made in 1893 for the widows of Confederate soldiers whose husbands died in service, or after the war from disability or disease contracted in service. In 1896 indigent Confederate soldiers were admitted to her pension list.

In 1902 a further extension of the pension laws was made for the benefit of indigent widows of Confederate soldiers, though the soldier's death had no connection with military service. The following table shows the number of each class and the amount paid in 1906:

	Number	Amount Paid
Disabled soldiers.....	2,833	\$159,950
Widows (death of husband of service origin).....	2,551	151,228
Indigent soldiers.....	7,734	463,980
Indigent widows.....	2,210	132,589
Totals.....	15,297	\$907,747

There may be some interest attaching to a comparison of the *annual* amounts paid by Georgia to Confederate pensioners having certain specific injuries incurred in military service with the amounts paid by the National Government to Union soldiers with similar disabilities resulting from actual military service:

	Georgia Con-federate	Federal
For total loss of sight.....	\$150	\$1,200
For loss of sight of one eye.....	30	144
For total loss of hearing.....	30	480
For loss of a hand.....	100	360
For loss of both hands or feet.....	150	1,200
For total disability in one arm.....	50	432
For incapacity to perform manual labor.....	50	360
For loss of a thumb.....	5	96
For loss of little finger or little toe.....	5	24
For loss of four fingers	20	192

To indigent Confederate soldiers who served at least six months during the Civil War Georgia allows \$60 a year. Indigent widows of such soldiers also receive the same amount, as do also the widows of soldiers who died in the military service of the Confederate States, or from causes originating in that service.

It is a matter of great regret that, like the federal system, the Confederate pension system of Georgia has been subject to abuses. From time to time these have been attacked in the newspaper press of the state. In 1902 the Georgia commissioner of pensions wrote in his report: "The pension rolls, under existing laws, are being burdened with men who never saw the enemy, and, in many instances,

deserters. To allow such is a disgrace to the soldier and the state, and it is fastening upon the state a class of unworthy beneficiaries." On a smaller scale, the abuses that have sprung up in Georgia are exactly similar to those which have characterized the national system. For one who is acquainted with the history of the national system, to read of them is but the repetition of a sad but familiar story. Occasionally, complaints of the abuse of the pension system are heard in other southern states than Georgia. A newspaper of North Carolina a few years ago reported the state auditor as saying that the county

The following table exhibits the growth of the Georgia pension list:

	Number	Amount Paid
1879 (for artificial limbs).....	1,888	\$ 70,580
1887 (for artificial limbs).....	1,170	59,195
1889.....	2,994	158,790
1890.....	3,078	183,415
1895.....	7,308	426,340
1900.....	11,558	678,100
1905.....	15,065	893,069
1906.....	15,297	907,747

of Burke paid to the state something over \$4,000 in taxes and received over \$5,000 in Confederate pensions. The county had at that time 254 pensioners, and the county pension board had sent in at least 100 more approved applications than were approved by the State Pension Board. Complaint was made that the disposition of a number of the county boards was to approve all the applications which came in, and that doctors were to be found who would give certificates of the required disability.

PENSIONS IN OTHER SOUTHERN STATES

In 1906 Alabama disbursed \$462,732 to 15,147 Confederate pensioners. The pensioners of that state were divided into four classes, receiving respectively \$60, \$50, \$40, and \$30. There were 127 of the first class, 142 of the second class, 168 of the third class, and 14,710 of the fourth class. The first class consists of those who are blind or have lost two limbs. Soldiers whose disability is not so serious are in the second, third, and fourth classes. Widows are in the fourth class. The system has grown so important that the state auditor, from whose office it is administered, recommends the creation of the office of pension commissioner.

Texas had 8,103 Confederate pensioners in 1906, of whom approximately one-third were widows. She expended for them in that year \$425,000. Her appropriation for pensions for the year ending August 31, 1907, is \$500,000. Louisiana provides artificial limbs for Confederate veterans in need of them. Her pension system is administered by a State Board of Pension Commissioners. On February 15, 1906, she had 1,925 pensioners, for whom the annual appropriation was \$75,000. North Carolina, in 1906, had 14,400 Confederate pensioners on the roll, of whom 4,500 were widows. Her appropriation for pensions in that year was \$275,000, but was increased to \$400,000 for 1907. The pension roll of Arkansas was made up of 7,340 pensioners in 1906, and about 2,650 were widows. The amount distributed to these pensioners was \$284,000.

Tennessee has an invalid-pension law which divides the disabled soldiers into five classes, according to the nature of the disability. The amounts paid range from \$300 per year for such injuries as the loss of both arms or legs to \$60 per year for minor disabilities. There are now on her roll 3,899 of these invalid pensioners, at an annual cost of \$290,000. She also provides pensions for widows of soldiers in two classes at \$72 and \$60 per year. There are now 1,025 of such pensioners, requiring an annual expenditure of about \$65,000. The state now appropriates for its pension system \$375,000 a year.

The pension system of Mississippi provides for soldiers and sailors, their widows and servants. About \$250,000 was paid to 7,863 pensioners in 1906. The maximum amount paid to a pensioner was \$125 and the minimum amount \$28.30. Six classes of pensioners are provided for by the law, and the amounts paid were as follows:

	Number	Amount Paid
First class.....	114	\$ 14,250
Second class.....	338	25,350
Third class.....	14	1,050
Fourth class.....	3,700	106,408
Fifth class.....	457	12,933
Sixth class.....	3,180	89,994
Totals.....	7,863	\$249,985

Virginia, Florida, and South Carolina also have Confederate pension systems, for which they appropriate in the aggregate hundreds of thousands of dollars annually. In 1906 Virginia's appropriation was \$346,000. Florida had about 3,200 pensioners on the roll in 1906 and

paid out in that year \$294,000. Under the new Florida law pensions range from \$100 to \$150. South Carolina had 7,750 pensions in the same year and expended \$198,000. Later information would probably show considerable increase in number of pensioners and in amounts appropriated in all of these States.

Thus it has been shown that throughout the South the states are loyal to the surviving Confederate veterans, not as a matter of sentiment alone, but that the loyalty has taken the very practical form of a loosening of purse-strings. Their generosity may occasionally be abused, but, notwithstanding this fact, the abuses by the unworthy few are not allowed to lessen the care for the worthy majority, and, with increasing prosperity, ever increasing liberality to the Confederate veterans receives the sanction of public opinion in all of the states that seceded from the Union in 1861.

Conclusions.—The result of this study of government pensions is that the federal and state governments have already accepted and acted upon the principle, to which they are fully committed, that those who have served the country in times of war shall be honorably provided for, without necessity of begging charity, during the period of invalidism and old age. In fact this is insurance for entire or partial disability caused by injury or disease in the service of the nation. On a similar ground rests the argument for pensions to men disabled in the dangerous life-saving service. For reasons of a different character the idea of pensions for civil servants of the nation has gained ground. The argument here rests chiefly on the fact that a pension will secure a higher order of service at less cost and also spare the people the humiliating spectacle of lifelong and faithful servants of a powerful and prosperous land begging their bread in invalidism and old age. But all these arguments apply with very great force to laboring men; and the logic of the national conduct leads straight toward a universal system of provision for disability due to sickness, accident, invalidism, old age, and death. It is for this

reason that the facts cited in this chapter are so full of significance in a discussion of industrial insurance.⁷

⁷ Enemies of compulsory insurance (which should rather be called, as in France, "social insurance,") seek to obstruct its progress by calling it a form of poor relief, a "charity;" and they deny it a place under the head of "insurance" because the beneficiaries do not pay all the premiums. The argument has no force, for the principle of insurance against a risk is unaffected by the fact that the person insured does not pay the premium. A man's relations may pay his life- or accident-insurance premium; he is insured. Thus one of the highest authorities in the field says: "By insurance we understand an arrangement resting on mutuality for the purpose of making up loss of property through various chances which may be calculated. . . . Sometimes the beneficiaries receive on the basis of their own premium payments an additional sum from the payments of others. This fact does not take away from the arrangements its character as insurance. . . . Social insurance must be conceived of as insurance."—Alfred Manes, *Versicherungswesen*, pp. 2, 15.

CHAPTER XI

PROTECTIVE LEGISLATION

The employers' liability law, which has already been discussed, has been pressed as far as possible on the ground that it would tend to compel the employers to use devices for protecting workmen from accident by inflicting on them heavy damages in cases where injury could be traced to their negligence. Probably this law has had some influence in this direction, but how much it would be impossible to estimate. Such legal measures have limited influence for several reasons: (1) In the absence of a definite protective code the courts have no exact standard for measuring and fixing the degree of neglect of employers, and the employees themselves have no clear statement of their rights. Without factory inspection and particular requirements of law, there is no public record and publicity of injuries and fatal casualties in mines, mills, and factories; and in the absence of specific codes even inspectors have no power to order specific changes in the equipment and machinery of work places. (2) Employers imagine and seem to believe, not without some ground in experience, that it is cheaper to pay indemnities occasionally or evade them by delay and litigation, than to introduce protective devices which have proved to be effective but which cost money. (3) When the employers have paid the premiums to casualty companies for insuring themselves against costs in damage suits they imagine they have no further financial reason for going to expense to prevent accidents beyond what is absolutely necessary; the insurance company carries the risk. (4) The employers' liability law does not cover occupational diseases but only accidents.

In the purely agricultural occupations, especially before the general introduction of farm machinery, there was no demand for protective legislation. The employer shared all risks with his employees, if he had any wage-workers to assist him, and the employers' liability law was rarely invoked. The dangers of the mines very early called for the attention of legislators in the states where deposits of coal and minerals were found; and the railroads became so destructive of limb and life that state and federal legislation was called for at the demand of employees and the public.¹ The federal Congress has no power to make laws except for the District of Columbia and for interstate commerce, with modified control of territorial affairs. Hence we cannot expect to find uniform and consistent protective laws for all the states. Naturally the states in which manufacturing and mining industries developed earliest were the first to discover the need of public control and regulation of the conditions of labor. Massachusetts has been and still is one of the leading states in this field; for there were happily combined a rapid development of industry and invention, an organization of trade-unions composed of intelligent and aggressive work people, and a general spirit of enlightened philanthropy. There also the British laws met with quick response and had great influence. Nearly in the same rank

¹ "One absurdity of our present law is that it says: A railroad brakemen cannot wholly be barred from compensation by the defense of contributory negligence, but a structural steel worker or a worker in a sewer (both in very hazardous employments) can be debarred from compensation by that defense. The reason for this is that the accidents in the railroad industry were the first to attract attention. But that other classes of accidents are now relatively more important is shown by the following analysis of Wisconsin Supreme Court cases involving claims by injured workmen against their employers. Before 1890, three-fourths were railway cases; since 1890, less than one-fourth are railway cases."—*Thirteenth Biennial Report of the Bureau of Labor and Industrial Accidents, Wisconsin, 1907-8*, pp. 111, 112.

came New York and Pennsylvania. But recently some of the states of the Middle West have come into the front rank.

The chief difficulties in the way of the extension of protective legislation even in industrial states are: the traditional dislike of employers to have any kind of interference with their own absolute control of their business; intense dislike of state intervention with individual activity; the constant assertion, often honestly made, that employers do not require the spur of law to make them care for the welfare of their employees; the fear that legislation will lay burdens on manufacturers of a certain state which will cripple them in competition with manufacturers of other states; perhaps some greed for profits and dividends which dulls conscience and humanity in presence of preventable suffering and death; and the dread of political corruption in the office of factory inspector if he is armed with power to order expensive changes and impose fines. Whatever be the causes the fact remains that associations of employers invade legislatures when protective bills are offered, flood legislators with circulars calculated to bring the bills into contempt, use those devices which have effect with committees but which are very difficult for the public to discover, and by all arts finally defeat or mutilate the proposed legislation. In spite of these corrupt, selfish, or misguided attempts to hinder or prevent progress many of the employers actually do introduce many of the best protective devices and new laws are gradually coming to enactment. When the trade-unions and the public have worked out a consistent and complete social policy of protection and insurance it will be easy to secure further laws. At present in states where industry has been chiefly rural there is no educated public opinion on the subject and the conscience of the people is not directed against the abuses of our newer forms of economic life. If there were a careful and scientific code

of labor legislation, drawn by experts, it would have a better chance in the legislatures.

In this chapter we shall give a brief analysis of the chief measures already in use and indicate by illustrations the direction of the movement at this time. Protective legislation is an essential part of that social policy in which industrial insurance has a large place. The tendency of protective devices is to lower the cost of insurance, while the tendency of insurance is to offer a constant and ever-present motive to avoid injuries and diseases as well as to provide indemnity when injury is inevitable. The principle underlying both movements is the social interest and duty to care for the welfare of citizens exposed through general conditions to suffering, loss, and death.

I. THE PROTECTION OF ADULT WORKMEN

Hours of labor.—The duration of labor affects the health of workmen and their liability to accident, and so industrial efficiency, earning power, longevity, and culture. Up to this time legislation has not attempted to fix the length of the working day for men and women, except of late in specific employments where it is necessary to limit the strain of toil for the sake of health. The prevalent opinion still is that the rate of wages and the hours of labor of adults should be left to free contract between employers and employees, and to the play of competitive forces. At this point the trade-union helps nature by introducing collective bargaining and threats of strikes, and it is by the unions that reductions of the duration of labor have thus far been gained, aside from the working of interest and humanity in the minds of employers. Massachusetts found a way to shorten the working day of women within the limits of her rather liberal constitution; but the Supreme Court of Illinois voided a similar law on the ground of its unconstitutionality.

In the year 1898 the federal Supreme Court settled the principle that a state legislature may constitutionally enact a law limiting the hours of labor for adults when such limitation is necessary to preserve the health of the workmen in any particular occupation. This important decision has the effect to leave the state legislature free to diminish the day of toil when the form of labor is obviously injurious to health if too long continued.² The decision of the Supreme Court of the United States (February, 1908), in the case of *Curt Muller vs. State of Oregon*, settles the principle beyond further dispute. The case involves a law prohibiting long hours of labor for adult women in laundry work, and the counsel, Mr. Brandeis, based his argument on facts showing that long hours are dangerous to the health of women and injurious to their offspring and to the race; that the only way to prevent these evils was to require shorter hours by law; that this shortening of hours was a benefit to all members of society; that no economic disadvantages would arise from the working of the law; that uniformity of law was essential to the efficient working of the measure and to justice to all employees in competition; and that a ten-hour day was reasonable. Henceforth the right of a state legislature to restrict working hours of adult women cannot be denied.

The hours of labor per day for miners have been restricted by law as follows: Arizona, 8 hours; Colorado, 8 hours in mines, smelters, or "other branches of industry or labor that the general assembly may consider injurious or dangerous to health, life, or limb" (constitution of state, adopted in 1902); Maryland, 10 hours, but contracting out is permitted; Missouri, in mines and smelting works, 8

² Supreme Court of the United States, February 28, 1898. Case of *Holden vs. Hardy*. Cf. F. Kelley, *Some Ethical Gains through Legislation*, 1905, pp. 145, 280.

hours, no contracting out; Montana, mines and smelting works, 8 hours, no contracting out; Nevada, mines and smelting works, 8 hours, no contracting out; Utah, mines and smelting works, 8 hours (held to be constitutional: 14 U. Rep. 71, 96; 18 Sup. Ct. Rep. 383; 57 Pac. Rep. 720); Wyoming, 8 hours.

The hours of the labor day for employees of railroads and street railways have been restricted by laws of several states: Arizona, after 16 hours the workmen must have 9 hours' rest; Arkansas, 8 hours' rest after 16 hours' service; California, street railway employees cannot contract to work over 12 hours; Colorado, 10 hours' rest after 16 hours' service; Florida, 8 hours' rest after 13 hours' work; Georgia, 10 hours' rest after 13 hours' run; Indiana, 8 hours' rest after 16 hours' work; Louisiana, 10 hours within 12 hours, except in emergency, and no contracting out; Maryland, street railways, 12 hours, no contracting out; Massachusetts, street railways, 10 hours, except on holidays; Michigan, railroads, 8 hours' rest after 24 hours' work; Minnesota, 10 hours, contract for longer hours permitted; Montana, 10 hours; Nebraska, 8 hours after 18 of service; New Jersey, street railways, 12 hours, except in emergency; New York, street railways, 10 hours, including one-half hour for dinner; in brick making, 10 hours with right to contract for longer day; railroads, 10 hours, with 8 hours' rest after 15 hours' work; Ohio, railroads, 8 hours' rest after 15 hours' work; Pennsylvania, street railways, 12 hours; Rhode Island, street railways, 10 hours within 12, contracting out permitted; Texas, 8 hours' rest after 16 of work; Washington, street railways, 10 hours, no contracting out.

The following states have fixed the length of day for work on roads and other public works: 8 hours in Arkansas, California, Colorado, Delaware, Hawaii, Idaho, Illinois,

Indiana, Iowa, Kansas, Maryland, Massachusetts (8 or 9 in cities), Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, New York, Oklahoma, Oregon, Pennsylvania, Porto Rico, South Dakota, Tennessee, Texas, Utah, Washington, West Virginia, Wisconsin, Wyoming. In South Carolina 10 hours is a legal day. In textile mills Georgia has made a legal day of 11 hours, with no contracting out except in emergencies. South Carolina has fixed 11 hours a day or 66 a week; except for engineers, and no contracting out.

In the absence of a contract the laws sometimes specify the hours of a day's work but leave the parties free to contract for a longer day. Thus the "legal day" is 8 hours in California, Connecticut, Illinois, Missouri, New York, Ohio, Pennsylvania, Wisconsin; it is 10 hours in Florida, Maine, Michigan, Minnesota, Nebraska, New Hampshire, Rhode Island, Maryland. In New Jersey it is 55 hours in a week, between 7-12 forenoon and 1-6 afternoon; Saturday, 7-12 in factories and shops and 60 hours in bakeries. Agricultural laborers and domestic servants are not protected by these laws. The employees of the federal government, in the public printing office, laborers on public works, and letter carriers have an 8-hour day. Apparently the tendency is generally toward an 8-hour day.

2. *Weekly day of rest.*—Legislation is no doubt much influenced by traditional religious beliefs and customs, as well as by the desire for culture, recreation, and sociable converse; but the primary and decisive legal ground is the conservation of the health of the workmen. The laws are monotonously uniform in the states, although some of them are notoriously dead letters, as those governing barbers and amusements in the large cities. The general formula is that all labor and trade are forbidden on Sunday, works of necessity and charity excepted: thus Alabama, Arkansas,

Connecticut, Delaware, Alaska, District of Columbia, Florida (newspapers excepted), Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Mexico, New York, North Carolina, North Dakota (games and sports included), Ohio, Oklahoma (games included), Oregon, Pennsylvania (games included), Porto Rico, Rhode Island (games included), South Carolina, South Dakota (games included), Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming. It is expressly provided in some states and generally understood, that Jews, Adventists, and others whose religious beliefs require them to observe Saturday as a day of rest are permitted to work on Sunday, as in Arkansas, Connecticut. California, Missouri, and Pennsylvania have laws securing a weekly day of rest even if it cannot fall on Sunday. Special laws forbid the barbers to keep their places open all or part of Sunday; as in Colorado, Delaware, Illinois, Kentucky, Maryland, Michigan, Minnesota, Missouri, Montana, New York, North Dakota, Ohio, Tennessee; but these laws are rarely enforced. Railroads are restricted to necessary trains, sometimes under regulations of commissioners: Connecticut, Georgia, Massachusetts, North Carolina, South Carolina, Vermont.

3. *Protection against accident and disease.*—The law of Massachusetts requires all poles of electric light companies to be insulated and the inspector of wires enforces the law. In the building industry, which with steel construction and "sky scrapers" becomes ever more dangerous, the laws of a few states provide some protection by prescribing the kinds of scaffolding, protecting floors, shafting, hoisting apparatus, etc.: California, Indiana, Maryland, Massachusetts, Minnesota, Missouri, New York, Ohio, Pennsyl-

vania, Wisconsin, and a recent law of 1907, in Illinois. The law of New York is elaborate and carefully drawn. Employees on street railways are protected by regulations prescribing the inclosure of platforms for drivers and motor men to shield them from rain and snow and cold in winter months: Colorado, Connecticut, Illinois, Iowa, Kansas, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New York, North Carolina, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin. The very language of all these laws is uniform, probably showing that the national union of street railway employees has secured the enactment of this desirable protection by a concerted movement, and that the national convention of factory inspectors has promoted uniformity.

The following states have enacted laws prescribing the use of fire escapes in connection with workshops and providing agencies for enforcing the law: Connecticut, Delaware, District of Columbia, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Jersey, New York, North Dakota, Ohio. The requirements include iron ladders on the outside of the wall, doors to open outward, red lights to direct to exits, and fire extinguishers at convenient places. The laws of New York, Ohio, and Wisconsin are examples of carefully drawn statutes. Even when the law is good much will depend on its enforcement by a sufficient corps of competent and faithful inspectors.

Railroad safety appliances.—The number of employees injured and killed on trains and tracks is so great as to excite general interest and secure legislation. In the case of railroads which transport passengers and goods from state to state the federal Congress has used its constitutional right to make laws, and the code of interstate traffic is a

model for the several states. The chief matters thus brought under regulation are: power brakes, automatic couplers, grab irons, draw bars, blocking of frogs to prevent catching the feet between rails, tell-tales or warning signals before bridges. The following states have enacted laws making regulations for local roads: Colorado, Connecticut, Delaware, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, New York, Ohio, Rhode Island, South Carolina, Texas, Vermont, Virginia, Washington, Wisconsin.

Reports and investigation of accidents.—Publicity of accidents is desirable to promote wise legislation and awaken public sentiment against negligence of employers and corporations. This is provided for by the federal law which requires all common carriers to report to the Interstate Commerce Commission each month all casualties. Various states require reports, coroners' inquests of fatal accidents, and careful investigation of the causes of injuries; as Alabama, Connecticut, Massachusetts, New York, South Carolina, Vermont. Recent legislation in Wisconsin and Illinois gives promise of favorable results in this field.

Protection of agricultural laborers.—Apparently only three states (Illinois, Iowa, and Wisconsin) have begun to make laws on this subject, in spite of the fact that dangerous machinery is used on a vast scale in the rural occupations. In the states named the law requires the owners of threshing and shelling machines which are run by horse or steam power to provide for them proper protective guards.

Inspection of steam boilers.—The laws on this subject are of unequal value. The inspection is sometimes committed to state officials and sometimes to local authorities. The legal regulations in the better laws give minute directions for testing the boilers by hydrostatic pressure, the

tension required, gauge cocks, safety valves, fusible plugs, qualifications of engineers, etc. The following states have made laws on this subject: Colorado, Connecticut, Florida, Indiana, Iowa, Maine, Missouri, Massachusetts, Michigan, Minnesota, New York, Ohio, Pennsylvania, Vermont.

Mine regulations.—The principal points guarded in these laws are ventilation of mines, testing the air, provisions of stretchers and blankets, bandages, etc., in case of injuries, exits in the walls, supporting timbers for the roof, safety lamps, escape shafts, maps of mines, secure cages and elevators, and signals. It is a general principle that accidents must be reported and investigated. The following states, besides the federal government, have enacted codes of mine regulations: Alabama, Arkansas, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Washington, West Virginia, Wyoming. The law of Pennsylvania is quite elaborate since the conditions of the anthracite and the bituminous mines are quite different. The laws of New York, Illinois, and Indiana may be studied as types of carefully drawn regulations.

II. THE EMPLOYMENT OF WOMEN

The general doctrine governing the employment of adult women is that sex is no disqualification for occupation; a woman is free to make a contract for work and wages equally with a man. This principle is distinctly affirmed in the laws of California, Illinois and Washington. Thus the constitution of California (Art. 20, Sec. 18) says: "No person shall, on account of sex, be disqualified from entering upon or pursuing any lawful business, vocation, or profession." This principle does not carry with it the duty of serving on police or jury or in the army, nor the right of

suffrage or holding public office, unless there is express legal provision. But this doctrine must be further modified when health, decency, and morality are in danger; and so we have specific limitations and prohibitions of the occupations of women. Some employments are entirely closed to women. Thus women and girls are prohibited from employment where intoxicating liquors are sold: in Alaska (Act of Congress), Iowa, Louisiana, Maryland, Michigan, Missouri, New Hampshire, New York, Vermont, Washington. Sometimes the wife or daughter of the barkeeper may be excepted from the prohibitory rule. The employment of women and girls in and about mines, except in offices, is generally forbidden, as in Pennsylvania and Alabama.

Various laws, apparently passed in consequence of a general movement of women's clubs throughout the country, uniform in language, are designed to insure suitable surroundings and conveniences for women workers. Thirty-two states have laws requiring seats for female employees in mercantile establishments and factories, and their use must be permitted for rest when the women are not actively engaged in an occupation which prevents them from sitting down. Separate washing and dressing rooms and water-closets must be provided. Rooms must be kept comfortably warm in cold weather. Abusive, profane, and indecent language and all improper treatment are forbidden (laws of Delaware, Indiana, Louisiana, Ohio, Tennessee, Nebraska, Oregon, Washington).⁸

Massachusetts, with its enlightened social policy and liberal constitution, provides that no woman can be employed in a mercantile establishment more than 58 hours a week, except in emergencies, nor in a manufacturing establishment more than 10 hours a day, or 58 hours a week, with similar exceptions. The supreme court of the state has approved

⁸ *Curt Muller vs. Oregon*, see above.

this law (120 Massachusetts 383). Illinois passed a similar law, but it was made void by its supreme court. The law of Colorado forbids the employment of women of 16 years of age or more during more than 8 hours in 24, when the occupation requires her to stand on her feet. The limit is fixed at 10 hours in North Dakota, Oklahoma, Rhode Island, South Dakota, Virginia, Louisiana, New Hampshire, Connecticut, Oregon, Washington, Nebraska; at 8 hours in Wisconsin. In New York women between 16 and 21 years may not work over 60 hours in a week; in Pennsylvania, 12 hours a day, but not over 60 hours in a week.

Indiana forbids women to work in factories between 10 P. M. and 6 A. M. Massachusetts and Nebraska have the same rule. In New York the prohibited hours are between 9 P. M. and 6 A. M.

III. CHILDREN

While legislatures and courts in the United States have been slow to interfere with the right of contract and the control of work places by employers so long as adults only are concerned, they have been led to take a different view of the duty of the state in relation to children and minors. Here the failure of the *laissez-faire* policy is too obvious to ignore, and even the ancient English law required children as objects of particular concern of certain courts.

Very generally there are statutory prohibitions, supported by penalties and enforced by inspectors, against the employment of children in public exhibitions and in occupations dangerous to health and morals, as mendicancy, acrobatic and immoral employments. Such laws have been enacted in California, Colorado, Connecticut, Delaware, Georgia, District of Columbia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Porto Rico,

Rhode Island, Virginia, West Virginia, Wisconsin, Wyoming. Employment of children in bar-rooms and other places where intoxicants are sold is forbidden by law in Connecticut, Alaska (Act of Congress), Georgia, Missouri, Massachusetts, South Dakota. Work in mines is universally known to be dangerous to children and the laws of the following states prohibit work of boys (as well as of females) in mines, the age being fixed at 12 or 14 years: Alabama, Arkansas, Colorado, Illinois, Indiana, Missouri, Pennsylvania (16 years in mines, 14 outside), Utah, Washington, West Virginia, Wyoming. There is a marked tendency to regard it as improper to permit the employment of children and youth in factories and mercantile establishments at the sacrifice of elementary education. The most advanced position is taken by those states which positively prohibit the work of children under a certain age and require their parents and guardians to keep them in school if the public schools are in session. Thus in Massachusetts children must attend school from the seventh to the fourteenth year. In Montana children must attend school from the eighth to the fourteenth year, not less than 16 weeks in the year. In the enforcement of these laws a difficulty has been met: there are families so poor that the earnings of the children seem to be required to supply the wants of the family. This difficulty has been met in some states in a way which seems disgraceful by giving poor widows and incapable fathers permission to keep their children out of school and take their earnings. This is the law in Texas for children 12 to 14 years of age. Other states find the same difficulty but overcome it in more honorable fashion—they provide material relief for the family and do not permit the child to bear the sacrifice; thus Indiana and Ohio. Private charity sometimes intervenes.

Even after school age, usually 14 to 16, if the young

person is still unable to read and write English, he must in some states either attend the evening schools, or attend the day schools until he acquires a certificate of proficiency; thus Washington, New Hampshire, Maryland, Massachusetts, Michigan, Minnesota, Montana, Connecticut, Maine.

Permitted child labor is subject to regulation to prevent abuses. Thus in New York there is a carefully devised code (*Labor Laws*, p. 825) which prescribes that annual licenses must be given to children who are permitted to engage in street trades.

Age limit.—Rather slowly but with sure step legislation moves forward in the direction of preventing the exploitation of the vitality of young children by premature labor. There is a gradation in the prohibitions; for young children work in factories and mercantile establishments is usually altogether forbidden; for young persons it is permitted with various restrictions. The children under 12 years are simply forbidden to work in factories and mills; as in California, Maine, Maryland, New Hampshire, North Carolina, Wisconsin. Children under 12 are forbidden to work unless their parents are very poor, as in Alabama, Texas, Arkansas; but even there children under 10 cannot be excepted. In Minnesota the age is 14 years, but children of dependent parents may be licensed to work. In Rhode Island all labor under 12 is forbidden. In South Carolina 12 years is the limit. In Louisiana boys cannot work under 12 nor girls under 14 years; in Pennsylvania, 13 years; in Massachusetts, Indiana, New York, Michigan, New Jersey, Ohio, Oregon, it is 14 years. Children are forbidden to work while public schools are in session in Illinois, South Dakota (8-14 years), Vermont (15 years), Washington (15 years), Wisconsin (12-14 years). Young persons from 12-16 years may work under regulations, as in Cali-

fornia, if they have certificate of age and education. In Massachusetts those between 14-16 years must be certified.

The hours of labor are restricted by law: in Alabama, under 12 years, 66 hours a week; Arkansas, under 14 years, 60 hours a week; California, under 18 years, 54 hours a week; Illinois, under 14 years, 8 hours a day—under 16 years, 48 hours a week; Indiana, under 16 years, 60 hours a week; Louisiana, under 18 years, 10 hours a day; Maine, females under 18, males under 16, 10 hours a day; Minnesota, under 14 years, 10 hours a day; New York, under 16 years, 9 hours a day; under 18 years, 60 hours a week; North Carolina, under 18 years, 66 hours a week; Oregon, under 16, 10 hours a day, 6 days; Wisconsin, under 18 years, 8 hours a day.

Night work of children.—Children of 13-15 years are not to work between 7 P. M. and 6 A. M. in Alabama, Arkansas, Illinois, Massachusetts, Michigan, Ohio, Oregon. In New York the law forbids children under 16 years from working between 9 P. M. and 6 A. M.; in South Carolina children under 12 may not work between 8 P. M. and 6 A. M. In Texas children 12 to 14 years may not work between 6 P. M. and 6 A. M. Minnesota requires a certificate of physical fitness for work—a principle which is influential in the discussion and legislation of other states. The inadequacy of the age test alone is generally recognized.⁴

IV. FACTORY INSPECTION

No protective law is self-enforcing, and it is evidence of moral insincerity or ignorance in a legislature to pass a code of regulations without providing money and organization for competent inspection of work places. The majority of employers in all countries, as a rule, will not voluntarily execute a law which casts on them a financial burden and

⁴ See Josephine Goldsmith, *Child Labor Legislation*, Handbook National Consumers' League, 1908.

trouble, and employees are everywhere afraid to complain for fear of discharge from employment. As might be expected from what has already been said, there is no general system of regulation and inspection common to all the states. Yet one can discover considerable similarity and even identity of language in the laws. The older states copied many provisions from the British laws and the newer states imitated these. In the volume of *Labor Laws* which is here used for data we observe the greatest differences in extent of provisions, from the elaborate codes of New York, Massachusetts, Pennsylvania, down to the statute of Nevada whose sole contribution seems to be the requirement that set screws must be countersunk! Sometimes the statute makes a rigid requirement and leaves it to benevolent employers to interpret and apply at their discretion, and sometimes the office of inspector is created without giving the partisan appointee any serious duties to perform. Probably it is expected in such cases that the "County Chairman" will keep him busy at patriotic tasks! In the purely agricultural states, rapidly diminishing in number, the need for regulations is not widely felt; but factories are rapidly springing up everywhere and control becomes imperative. Factory inspectors are appointed in the following states: California, Connecticut, Delaware, Illinois, Indiana, Kansas, Kentucky, Maine, Missouri, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Tennessee, Washington, West Virginia, Wisconsin. Mine inspectors are appointed in Alabama, Arkansas, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Michigan, Missouri, Montana, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Dakota, Tennessee, Utah, Washington, West Virginia, Wyoming, United States (federal laws). There are railroad inspectors in Massachusetts, Michigan, Ohio, Washington.

Since it is impossible to describe in this place all the forms of organization, we may select New York as one of the most highly developed and specialized. By law a department of labor was created, over which is placed a commissioner of labor appointed by the governor by and with the advice of the senate. The commissioner of labor has the powers and duties belonging to the offices of factory inspector, labor statistics, and mediation and arbitration, and three bureaus exist for these three objects. The immediate direction of the bureau of labor statistics is lodged with a deputy commissioner, while another deputy commissioner has charge of the bureau of factory inspection. The commissioner of labor, with the aid of the deputy named, is required to collect, assort, systematize and present in annual reports to the legislature statistical details in relation to commercial, industrial, social, and sanitary conditions of workingmen and productive industries in the state. Employers are required by law to furnish information desired. A free public employment bureau is under the charge of the commissioner of labor in several cities of the state. The factory inspector may appoint not more than fifty persons as deputy factory inspectors, not more than ten of whom shall be women, and these may be removed by him at any time. The salary of the deputy factory inspector is \$1,200. Special deputies are appointed to inspect bakeries and mines. It is the duty of the inspectors to visit factories as often as practicable and to enforce the laws. Any lawful municipal ordinance relating to factories shall be enforced by the state inspectors. The salary of the commissioner is \$3,000 and of his two deputies \$2,500 each; but the positions may change with party or factional changes and there is little prospect for a professional career. If an employer violates the law the inspector lays complaint before the county attorney, with all the proofs, and it is the duty of the

attorney to prosecute. In certain cases the inspector is authorized to accept arrangements which he regards as equivalent to those named in the law; for example, the fire escape in a factory may be of any kind which in the judgment of the inspector is reliable and sufficient for its purpose. The inspector of a bakery may determine the method of drainage and ventilation in a building. The department can make regulations for the security of miners in coal mines and quarries. An employer who tries to hinder an inspector is liable to punishment. Supervision of home industries in making clothing belongs to boards of health, while workmen on railroads are under the care of railroad commissioners. The inspection of steam boilers in the city of Greater New York is under the charge of the police authorities. This board is empowered to appoint inspectors and make regulations.

Similar provisions were recommended to the legislature of Illinois at the last session in 1907, but rejected, for the most part, chiefly on the ground that the law gave too much authority to the factory inspector. In America, where the "spoils system" is still at work with corrupting influence, the factory inspector is feared by employers not only because he is tempted to enforce the law too rigidly but because custom makes bribes and blackmail only too frequent.

In 1908 the legislature of New York placed the inspection of mercantile establishments under the Department of Labor, in a Bureau of Mercantile Inspection. It had been found that control by local boards of health was ineffective.⁵

⁵ Special studies, with historical background, are F. R. Fairchild, *History of Labor Legislation in New York*; Alba M. Edwards, *The Labor Legislation of Connecticut*; J. K. Towles, *Factory Legislation in Rhode Island*; these in Vols. VI (1905), VIII (1907), and IX (1908), of "Publications of American Economic Association."

CHAPTER XII

SURVEY AND OUTLOOK

There are already, as we have seen in the preceding chapters, various systems of industrial insurance in the United States which witness to the universal sense of need of such protection even among those workers who have least developed habits of thrift. These imperfect and unrelated schemes are yet to be developed, co-ordinated, regulated, and combined so as to form a consistent, comprehensive, and adequate system. The hope of progress lies in these germinal beginnings, and the problem immediately before the nation is one of synthesis. Evolution does not make great leaps, for even the "sports" which figure in the "mutation theory" of DeVries are closely akin to the parent stock.

Is universal insurance an economic possibility? A complete answer to this question would require extended discussion. A few things may be suggested. The profit fund could carry a very large share of the burden, as shown by the fact that employers are marvelously prosperous, and by the fact that even now, though in a very uncertain way, they set apart a vast sum for helping workmen in times of disability in the form of contributions to sickness funds, hospitals, physicians, and gifts to families in distress, not to speak of taxes for public relief and enormous costs for casualty insurance and litigation, which is now waste. The wages fund could bear a much heavier drain for insurance if we can judge from the immense sums spent by workmen for objects which are destructive to health and morals. It is true that the unskilled workmen have no margin for adequate insurance, and those who cannot supply even the

immediate necessities of existence can hardly be expected to provide for the future without help from the profit fund and from consumers.

Systems and schemes of industrial insurance.—(1) The workingmen have themselves created organizations for insurance, and thereby express a universal sense of need of this protection; local mutual benefit societies, with or without aid from employers, national brotherhoods or fraternals, and trade-unions with local branches. (2) Employers have promoted the movement by various methods: local societies of employees, insurance departments of great firms or corporations, contracts between firms and casualty companies, pension schemes of employing corporations. (3) Private insurance companies which sell sickness and accident insurance to workmen, "industrial insurance companies" collecting small premiums weekly or monthly, and furnishing chiefly burial benefits to the low-paid workmen, and regular life insurance to those who have higher wages. (4) Organizations of municipal, state, and federal employees for pension funds, as those of teachers, firemen, policemen; the national and state military pensions; homes for invalid veterans. Here also may be counted as auxiliary and supplementary government activities, poor relief, liability laws, protective factory laws and inspection, and state supervision of fraternal societies and insurance corporations. Every one of these agencies and organizations represents some beginning of a movement toward obligatory insurance. The cities have already recognized their duty to care for the policemen, firemen, and teachers; and it will be difficult to answer the question of other employees of cities, many of them far more in need of protection, why they should not be included. The nation and the states have already declared it to be our duty to shelter the aged and wounded soldier, why should the victims of the "army of labor" be

neglected? They also have served their country in occupations even more dangerous and destructive than war, and quite as useful. Public poor relief has already acknowledged the duty of the community to support its members who are incapable of labor; but experience has taught that this method tends to humiliate and degrade the recipients and it is manifestly better from every point of view to prevent the need of appeal to poor relief by creating an insurance fund, so far as this is possible.

The employers' liability laws recognize in a restricted field the principle that the responsible managers of business should indemnify employees for injuries due to the occupation, that is, so far as the employer is responsible for the injury. Perhaps 10 to 15 per cent. of the cases of injuries in occupations are theoretically covered by this legal device. The trade-unions are seeking by all means in their power, and supported by the humane feelings of the people, to make this law more and more drastic; and at least some of the courts, with their elective judges dependent on the votes of the workmen, are more and more inclined to make this law practically not only compensatory but even punitive in its working. The result in increasing numbers of cases is wrong to the employer. The juries, wherever the case is decided by them, are inclined to give the employee the benefit of the law to the full extent. On the other hand, the employers are compelled to pay heavy premiums to protect themselves against an artificial risk created by the law itself, and these premiums are already a charge on the cost of production and levied in the prices of commodities upon the consumer. The intervention of a casualty company under these conditions not only widens the breach between employers and employees, but it tends to make the insuring companies, who are doing a legitimate business, exceedingly hated by the employees and their friends. This conflict

tends to lower the efficiency of labor, the productivity of capital, and to crowd the courts with damage suits which obstruct ordinary business of courts. The time seems ripe for a change of the law. Logically, factory laws and protective legislation generally lead to industrial insurance. If it is proper for the state to require employers to prevent preventable accidents, then it is a rational function of government to secure indemnity for loss of earning power caused by occupations. Up to this time it cannot be said that American states have any definite "social policy." Legislation has been modified here and there by the modern conception that the state owes certain duties toward those who are in an economic position of dependence; but this progress has been gained in spite of the ruling social philosophy of individualism. Outside of the poor law and the employers' liability law, with certain factory regulations, the law has offered to the working man chiefly empty formulas about liberty of contract which had no economic content to fill their phrases with real meaning. Why have the states been so slow to enter the modern path of a genuine "social policy," in which the welfare of those in a semi-dependent economic position has been made the distinct object of public care? The employers' liability laws, the poor relief laws, and the public schools are indications of a growing belief in the right direction, but the logic of such organizations is not clearly recognized and appreciated. The reasons have already been discussed. Free land, to be had for asking and taking, has until recently offered to any man who did not wish to be in a subordinate position the opportunity of becoming a landlord and a capitalist, taking the risks of life on his own account; and hence it was thought America had forever escaped the formation of an "industrial group" whose members were to remain, and their children after them, in the situation of persons living day by day on

daily wages. Individualism ruled our ethics, economics, theology, legislation, courts, and politics. The strife between trade-unions, fraternals, and profit-seeking insurance corporations has, perhaps, prolonged the difficulty of forming a unified public policy. One great difficulty in the way of obligatory and universal insurance lies in the fact that our central government has so limited constitutional powers in this field. The manufacturers of Massachusetts opposed the compensation bill proposed in their legislature on the ground that it would handicap them in competing with manufacturers of other states. It is a long and weary way to unified and harmonious legislation to secure it by conference and agreement; the commissions appointed to promote uniform legislation have only advisory powers. There is no prospect that a constitutional amendment permitting Congress to enact a national insurance law could be secured. Congress has already exercised its constitutional powers in the field of interstate commerce by enacting rather drastic liability law for railroads, with results still in question, and certainly not satisfactory to any party involved. Dr. Zacher (Heft XVI of his *Arbeiterversicherung im Auslande*, p. 6) has said of European countries what is applicable with full force to the United States:

A survey of the tables of statistics in the *Guide to Workingmen's Insurance in the German Empire*, which exhibits the plans and results of industrial insurance in European countries, shows one immediately that those lands have approached most nearly the ideal of care for all working people which have committed themselves to compulsory insurance. With compulsory insurance laws the end is reached in a comparatively short time; while even with state subsidies voluntary plans have failed to help a part of the population imperfectly and those who most need the protection of insurance not at all.

Our problem is essentially the legal question: how can we introduce obligatory insurance in this country without

conflict with our written constitutions and with the traditions of the courts?

The problems of organization and administration might be difficult, but they would not be insoluble if the legal way could be opened. As all acknowledge, American institutions have shown a wonderful power to adapt themselves to new social demands and the inventive talent of the people goes into administration. Life in contact with nature made the pioneers ready to confront new situations without much regard for unfit precedents, and their spirit is not dead. As for courts, we have in the county courts, whose judges are chosen directly by the people, a popular, fair, trusted, and capable agency for deciding many of the questions which would arise in the interpretation and application of a new law. Their records would have public faith and their quarters would be convenient for the archives of agreements and statistics. Our experience with the new juvenile courts proves that our judiciary can easily rise above the routine of meaningless procedure when occasion requires and their hands are free. From early times various public duties have been assigned to local courts, as supervision of prisons and jails, poorhouses, and semi-philanthropic functions; and it would not be an absolute novelty if they were given some supervision over the judicial management of insurance business requiring regularity and legal instruction. A rational insurance law would clear the dockets of a vast amount of hopelessly confusing damage suits and make room for the far more satisfactory and easy business of mediating without process in applying the principles of insurance. This would be a noble social function for judges.

Each state has already its insurance department which has supervisory and even administrative powers within state limits. The commissioners are supposed to be insurance

experts, or to employ experts, and they have annual conferences and constant correspondence in relation to uniform methods of inspection and control. Every insurance company must now render reports to this insurance department, and it would be merely an extension of such departments if they were to be intrusted with collecting statistics about accidents, industrial diseases, fraternities, decisions of liability suits, and all schemes of compulsory industrial insurance. This department could also act, if necessary, as the depository of reserve funds, as it already does in case of certain insurance corporations whose principal office is outside the state.

The subject of industrial insurance has long been discussed as a burning question among charity workers. Visitors among the poor, residents of social settlements, officers of relief societies could not fail to discover that thousands of families fall a burden upon charity, a burden too heavy for their funds, in consequence of the disability or death of workingmen on whom the families were dependent. Even if the charitable societies could raise enough money to meet the need the distribution of charity would be humiliating and degrading on a vast scale. It is also the intelligent charity visitor who discovers the frightful cost and the entire inadequacy of existing methods of trying to provide benefits through the agencies described above. Those who have organized the movement to combat tuberculosis have come upon the discovery that industrial insurance is the only method thus far devised for providing a fund for the care of the afflicted and for establishing preventive means on a large foundation (thus Dr. A. C. Klebs, medical director of the Chicago Anti-Tuberculosis Society, article in *American Journal of Sociology*, September, 1906). The National Conference of Charities and Correction, which counts among its members representa-

tives of all forms of philanthropic enterprises, in the year 1901 appointed a committee to study and report on the methods of industrial insurance in this country and abroad, with a view to educating public sentiment on the subject. This committee made reports which may be found in the proceedings for 1905 and 1906, and the subject was so deeply interesting to the members that the same committee was kept in existence and requested to follow the subject in future reports. Various charity organizations have made local investigations into the extent and causes of poverty due to accidents and diseases of industries, and in publishing the results in the magazine, *Charities and Commons*, have urged the necessity of protection through some form of insurance.

We may describe the actual situation in a typical city with large industrial population in order to set forth the facts in more concrete form.¹

Michigan City is a rapidly growing manufacturing town of Indiana, situated on the Indiana port of Lake Michigan, and near to Chicago. The population is composed chiefly of workingmen and their families, German, Scandinavian, Slavic, and Italian. The Barker Car Works employ 2,500 men; the Ford and Johnson Chair Factories employ 1,200 men and boys. There are many women wage-earners in small factories. There are about 500 railroad employees. Mr. Bill found four classes of beneficiary associations: fraternal life insurance orders, fraternal benefit orders not furnishing life insurance, parish mutual benefit societies, and workingmen's mutual benefit societies. He also found casualty companies and burial benefit companies ("industrial insurance"), (1) Fraternal societies or orders furnishing life insurance are governed by state laws. In

¹The facts are furnished from a yet unpublished paper of Mr. Ingram E. Bill, Jr.

this town 20 orders are represented by 26 lodges. The membership of each lodge varies from 15 to 300; the majority having 75 to 150. Inquiry was made to discover the ratio of wage-earners in the membership. In one lodge of the Maccabees, with a membership of 300, 60 were business men, 12 farmers, 9 professional, 219 skilled workmen with good wages. In a lodge of the North American Union having 297 members, over 50 were laborers, earning not more than \$2 a day. A lodge of the Modern Woodmen, with a membership of 210, had 193 wage-earners, 80 per cent. of whom receive \$1.50 to \$2 per day. In a lodge of the Royal Arcanum, generally regarded as a strong and safe order, 75 per cent. were workmen, and 20 per cent. of all did not earn more than \$2 per day. In the lodges composed of women nearly all lived upon wages. (2) The fraternal orders which do not furnish life insurance, but only sickness, accident, and funeral benefits, are not so numerous or strong as the others just described. In the Odd Fellows lodges, about 75 per cent. are wage-earners. In sickness they pay \$4 a week benefits and \$1.50 a day for nurse hire; the funeral benefit is \$100. The Order of Eagles is composed chiefly of artisans and professional men; few are low-paid laborers. The dues are 50 cents a month; the sick benefits \$5 a week, for 13 weeks; and the funeral benefit is \$100. The Order of Mutual Protection, the North American Union, and the Foresters provide a permanent disability benefit which is 10 per cent. annually of the amount of the death benefit. (3) In one factory with 600 to 700 employees there is a mutual benefit society with about 350 members. The members must be over 14 years of age and under 45, in good health and of moral character. The dues are 90 cents a quarter; in case of disability due to accident or sickness a weekly benefit of \$5 is paid for 16 weeks. The employers are said to contribute to this society,

but no definite amount is mentioned. Wages are usually under \$2 a day. (4) In the Catholic and Lutheran parishes aid societies exist. The St. John's German Lutheran society was founded in 1855; has 260 members, mostly workingmen. The dues are \$6 a year; the benefits during disability from accident or sickness are \$8 a week; death benefit, \$800.

The immigrants more recently arrived, as the Italians, Syrians, and Turks, have not yet established mutual benefit societies. Among these the industrial companies send energetic agents who collect large sums in the aggregate for high premiums; but the burial benefits are meager.

GENERAL CONCLUSIONS IN RELATION TO EACH METHOD OF INSURANCE

Sickness insurance.—The present organs of sickness insurance are: local mutual benefit societies, lodges of the trade-unions and fraternal societies, relief departments of railroads, and casualty companies. Naturally this form of insurance is most widely developed among the workmen of cities. Everywhere the organization is voluntary, unless we may speak of constraint to enter the relief departments and other similar arrangements as a condition of employment as compulsion. The local societies are seldom united in groups, and each bears its burden alone. Central direction and supervision by the state are unknown. The lodges of the fraternal societies and of some of the trade-unions work under control from a central legislature. The administration of the relief departments is in the hands of committees representing both employers and employees. Those who simulate sickness are discovered by medical examination, or by visits of committees. None of these agencies rests on a strictly scientific basis approved by actuaries. Even the rates of the insurance companies rest chiefly on empirical founda-

tions, may be changed at any time, and are determined largely by competition. Frequently the companies regard each other with such suspicion that a common registration is said to be impossible; a fact much to be regretted, since a comparison of experience would aid in giving the movement the light of the widest and most varied experience. For the settlement of disputes between members and the directors, or between holders and companies, the courts are open; but this is a way too costly and tedious to be taken into consideration. It would be one of the advantages of compulsory insurance that the state could provide a simple and inexpensive arrangement for hearing and deciding cases impartially.

Accident insurance.—The employers' liability law remains in its ancient limits; it is behind the British compensation act of 1897 and much farther behind the German insurance law of 1884. The principle that social care in any explicit way is a duty of the community has never been openly recognized. The injured man stands at once over against his employer as an enemy seeking damages even of a punitive character. Before he can recover damages he must prove, with the presumption against him, that the injury can be traced to the negligence of the employer and is actually due to such negligence. Compulsory insurance or even compensation is not a part of the legal provisions. Voluntary organizations, fragmentary and unfair in character, are further developed with the railroads than elsewhere. In agriculture there is hardly a discoverable attempt in this direction.²

² And yet agriculture bids fair to be reckoned among dangerous trades; the introduction of steam-driven machinery increases accidents. Bailey, *Modern Social Conditions*, pp. 247, 291, citing *Twelfth Census of U. S., 1902*, Vol. III, p. 262 ff.; Zacher, *Arbeiterversicherung im Auslande*, Heft XVI, p. 18; *Handwörterbuch der Staatswissenschaften*, Bd. VII, p. 260, "Unfallstatistik."

The railroads have generally sought to insure their employees either through agreements with casualty companies or by relief departments; but the employees must carry the greater part of the burden. The employers in other dangerous trades have often organized accident insurance, but generally the schemes load the employees with premiums, cover only a part of the real loss, and lack full actuarial basis. There is nowhere state supervision, or direction, no obligation to insure, no unity or uniformity of method; mostly anarchy. The administration varies with the form of organization: in the mutual benefit associations the matter is directed by a committee with officers and clerks; in the trade-unions the lodge governs the direction; and in casualty companies all is administered by the central office.

In relation to the two methods of paying benefits and indemnities it may safely be said that American practice is at variance with the judgment of many men of experience. The temptation to squander a lump sum when indemnity is so paid is very great. Not much is left of a little fortune after a few months. Payment by instalments would seem to be far better except in rare instances. But the general custom of casualty companies, of employers' associations, and of courts is to settle a case of death or total disability as soon as possible by payment of a sum agreed upon by compromise. The relief departments, however, for temporary disability, pay a certain sum by the week or month during the period of need, and this is true of casualty companies.

Payment of income of funds.—In the relief departments of railroads and in the casualty companies the fund is provided by payment of premiums at intervals in advance. No example has been found of groups of employers federated to provide accident insurance; and, indeed, the motive is lacking for such organization. It is significant that employers have

organized such associations for fire insurance, in competition with the companies, and these seem to have worked well. The assessment plan of payment is customary in some life insurance companies, in fraternal societies, and in trade-unions, certain sums being levied at a death or at intervals during the year. In settlement of disputes we have only contracts, conferences, and, in the last resort, the law suit.

Old age and invalidism.—A few of the trade-unions have begun to establish funds for old-age retirement benefits. The fraternal societies exhibit a serious defect at this point. Under their system they can carry life insurance only to the region of old age and then the "brother" must care for himself, a very inconsistent kind of fraternity, yet inseparable from present methods. The Mutualists of France have gone much farther in meeting this difficulty by establishing funds for old age and invalidism. Some of the railroad corporations and even private firms have founded funds for old-age pensions and this movement seems to be growing in the country. Cities have pension funds for policemen, firemen, and to some extent for teachers. The nation and the states have made the old age of veterans comfortable. It is perfectly clear that the common laborers of cities can never on present wages provide for old age without help of employers and the public; the outlook is simply hopeless. The income of the workingmen of cities is too small and too irregular to warrant any unaided attempt to provide for the last period of life. In the United States there is no example even of state subsidies to encourage voluntary associations, as in France and in Belgium. Powerful and wealthy corporations, as railroads, canals, ship builders, have not been above asking the government for subsidies to aid "infant industries," even when those industries have become aged and corpulent, but they would

brand any attempt to subsidize old-age funds for working-men as rank "socialism."

Mr. Frederick L. Hoffman³ argues against state pensions on grounds usually urged by opponents of advanced social legislation. He makes an estimate of the cost of a state old-age pension system:

Upon the basis of a careful estimate for January 1, 1908, the population of the United States aged 60 and over is 5,512,704, aged 65 and over 3,531,576, and aged 70 and over 1,981,128. Adopting the estimate of a British Departmental Committee, that at ages 65 and over 32.4 per cent. would be entitled to pensions, the numbers pensionable in the United States at that age would be 1,144,230. Assuming as a minimum a pension of \$5.00 a week, as the lowest amount at which support could be obtained, in conformity to the American standard of living, the annual cost to provide a pension of this amount for the probable number of aged poor at ages 65 and over throughout the country would be \$297,499,800. If the age were reduced to 60, the corresponding amount would be \$464,390,160 per annum for the United States. If the pension age were placed at age 70, the amount would be \$166,890,100 per annum for the United States.

Mr. Hoffman would provide guarantees in old age by security for their investments, by voluntary savings and insurance, by reliance on filial piety, and by such modifications of employers' liability laws as would make each trade carry the cost of the injury it inflicts by accident or disease.

As to the possibility of providing for old age by annuities paid for out of wages, he says:

Insurance could do much, if not most, to provide the necessary means of self-support in old age. The rational expenditures of the weekly income of American wage-earners should leave a sufficient margin to pay the premiums for an annuity beginning with age 60 or 65, according to circumstances and conditions, sufficient to meet reasonable needs in old age. If but 5 per cent. of the average income

³ *Proceedings of National Conference of Charities and Correction, 1908.*

is paid out for insurance premiums, a sufficient sum can be secured which will provide as much, if not more, than the state can ever pay even under the most liberal system of old-age pensions. Let us take, for illustration, an income of \$900 per annum, 5 per cent. of which is \$45; commencing with the age 30 and continuing to age 65, this sum paid to a responsible insurance company will purchase an annuity of \$454.09 per annum for a man, and of \$375.03 per annum for a woman. Or, to put the matter in another way, let a man begin at the age of 30 to pay annually \$42.65 and he will be entitled to receive an annuity of \$250 per annum for the remainder of his life, beginning at age 60; or, if he prefers, it will cost him only \$24.78 per annum to secure such an annuity, beginning with age 65. In the case of women the cost is somewhat greater on account of the superior expectation of life of women in old age. Let us suppose that the man is not able to commence at age 30, but that he begins to make his periodical payments at age 40, and continues for 25 years, then the cost of an annuity of \$250 per annum will be \$45.50 a year, or 6.50 per cent. of an income of \$700, or 5.05 per cent. of an income of \$900, or 3.79 per cent. of an income of \$1,200 per annum. These calculations are upon the usual plan of selling deferred annuities, and, of course, if death should occur during the intervening period the payments made would be forfeited, or accrue to the benefit of surviving co-contributors to the fund. Of course, the earlier in life the periodical payments begin, the smaller the amount required to be paid. Many other plans have been devised by which joint annuities can be purchased. A continuous instalment policy, for illustration, provides for the surviving wife in the event of the husband's death for the remainder of her life, or for the needs of children for a period of twenty years.

It is a question of historical fact whether there is any reasonable ground for expectation that the wage-earners either can or will take advantage of these methods. Some light on this matter is given in the first chapter of this series in which such data as exist have been studied. In other places Mr. Hoffman himself does not take an optimistic attitude. Thus in his paper before the New York State Conference of Charities and Correction, in 1901, he says:

It is absolutely impossible at the present rate of wages, and at the

present cost of living, for a workingman to save a sum sufficient to do away with all the social and economic misery of modern life. . . . The wages received by the average man are insufficient and will remain insufficient for many years to come to meet all the requirements which a healthy and happy social life imposes upon him.⁴

Since sickness is always a remote contingency, the surplus earnings will be devoted to other purposes for the time being, rather than put aside for a possible occurrence which, however, may never take place. (See also a paper by the writer, on "Sickness and Invalid Insurance in Relation to Tuberculosis," *International Tuberculosis Congress*, 1908, Washington.)

Various are the methods of providing funeral funds and life insurance. The poorest workmen of America count among their most necessary expenses the premiums which will provide money for a respectable funeral. Sickness and accident insurance come later, and the contingency of need in old age is to their imagination far more remote. The colossal sums poured annually from slender incomes into the coffers of the "industrial insurance" companies are witness of the spirit of sacrifice which is inspired by the sentiment of repugnance to burial at public expense. The benefit departments of the fraternal societies and fraternal insurance societies prove the interest of skilled artisans in providing for future want by insurance.

Comparatively little has been done for unemployment insurance. Apart from occasional gifts of cities, or hastily planned emergency works, the public has manifested no interest in this burning question. During the past years of unexampled and long-continued prosperity the occasion for such insurance has not been so clear as it would be in a period of depression. Of the trade-union methods of dealing with those out of work we have already spoken.

⁴ *Proceedings*, pp. 273, 274.

APPENDIX A

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APPENDIX B¹

COMMON CARRIERS' LIABILITY LAW

[H. R. 20310.]

An Act Relating to the liability of common carriers by railroad to their employees in certain cases.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled: That every common carrier by railroad while engaging in commerce between any of the several States or Territories, or between any of the States and Territories, or between the District of Columbia and any of the States or Territories, or between the District of Columbia or any of the States or Territories and any foreign nation or nations, shall be liable in damages to any person suffering injury while he is employed by such carrier in such commerce, or, in case of the death of such employee, to his or her personal representative, for the benefit of the surviving widow or husband and children of such employee; and, if none, then of such employee's parents; and, if none, then of the next of kin dependent upon such employee, for such injury or death resulting in whole or in part from the negligence of any of the officers, agents, or employees of such carrier, or by reason of any defect or insufficiency, due to its negligence, in its cars, engines, appliances, machinery, track, roadbed, works, boats, wharves, or other equipment.

SEC. 2. That every common carrier by railroad in the Territories, the District of Columbia, the Panama Canal Zone, or other possessions of the United States shall be liable in damages to any person suffering injury while he is employed by such carrier in any of said jurisdictions, or, in case of the death of such employee, to his or her personal representative, for the benefit of the surviving widow or husband and children of such employee; and, if none, then of such employee's parents; and, if none, then of the next of kin dependent upon such employee, for

¹ The common carriers' liability law of 1903 was declared unconstitutional by the Supreme Court on January 6, 1908. On April 22, 1908, President Roosevelt approved an amended form of the law.

The printing of these laws, bills and plans of employers in this volume does not carry with it the approval of the author. Criticisms are found in the text.—C. R. HENDERSON.

such injury or death resulting in whole or in part from the negligence of any of the officers, agents, or employees of such carrier, or by reason of any defect or insufficiency, due to its negligence, in its cars, engines, appliances, machinery, track, roadbed, works, boats, wharves, or other equipment.

SEC. 3. That in all actions hereafter brought against any such common carrier by railroad under or by virtue of any of the provisions of this Act to recover damages for personal injuries to an employee, or where such injuries have resulted in his death, the fact that the employee may have been guilty of contributory negligence shall not bar a recovery, but the damages shall be diminished by the jury in proportion to the amount of negligence attributable to such employee: *Provided*, That no such employee who may be injured or killed shall be held to have been guilty of contributory negligence in any case where the violation by such common carrier of any statute enacted for the safety of employees contributed to the injury or death of such employee.

SEC. 4. That in any action brought against any common carrier under or by virtue of any of the provisions of this Act to recover damages for injuries to, or the death of, any of its employees, such employee shall not be held to have assumed the risks of his employment in any case where the violation by such common carrier of any statute enacted for the safety of employees contributed to the injury or death of such employee.

SEC. 5. That any contract, rule, regulation, or device whatsoever, the purpose or intent of which shall be to enable any common carrier to exempt itself from any liability created by this Act, shall to that extent be void: *Provided*, That in any action brought against any such common carrier under or by virtue of any of the provisions of this Act, such common carrier may set off therein any sum it has contributed or paid to any insurance, relief benefit, or indemnity that may have been paid to the injured employee, or the person entitled thereto, on account of the injury or death for which said action was brought.

SEC. 6. That no action shall be maintained under this Act unless commenced within two years from the day the cause of action accrued.

SEC. 7. That the term "common carrier" as used in this Act shall include the receiver or receivers or other persons or corporations charged with the duty of the management and operation of the business of a common carrier.

SEC. 8. That nothing in this Act shall be held to limit the duty or

liability of common carriers or to impair the rights of their employees under any other Act or Acts of Congress, or to affect the prosecution of any pending proceeding or right of action under the Act of Congress entitled "An Act relating to liability of common carriers in the District of Columbia and Territories, and to common carriers engaged in commerce between the States and between the States and foreign nations to their employees," approved June eleventh, nineteen hundred and six.

Approved, April 22, 1908.

APPENDIX C
FEDERAL COMPENSATION LAW
[H. R. 21844.]

An Act Granting to certain employees of the United States the right to receive from it compensation for injuries sustained in the course of their employment.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled: That when, on or after August first, nineteen hundred and eight, any person employed by the United States as an artisan or laborer in any of its manufacturing establishments, arsenals, or navy-yards, or in the construction of river and harbor or fortification work or in hazardous employment on construction work in the reclamation of arid lands or the management and control of the same, or in hazardous employment under the Isthmian Canal Commission, is injured in the course of such employment, such employee shall be entitled to receive for one year thereafter, unless such employee, in the opinion of the Secretary of Commerce and Labor, be sooner able to resume work, the same pay as if he continued to be employed, such payment to be made under such regulations as the Secretary of Commerce and Labor may prescribe: *Provided*, That no compensation shall be paid under this Act where the injury is due to the negligence or misconduct of the employee injured, nor unless said injury shall continue for more than fifteen days. All questions of negligence or misconduct shall be determined by the Secretary of Commerce and Labor.

SEC. 2. That if any artisan or laborer so employed shall die during the said year by reason of such injury received in the course of such employment, leaving a widow, or a child or children under sixteen years of age, or a dependent parent, such widow and child or children and dependent parent shall be entitled to receive, in such portions and under such regulations as the Secretary of Commerce and Labor may prescribe, the same amount, for the remainder of the said year, that said artisan or laborer would be entitled to receive as pay if such employee were alive and continued to be employed: *Provided*, That if the widow shall die at any time during the said year her portion of

said amount shall be added to the amount to be paid to the remaining beneficiaries under the provisions of this section, if there be any.

SEC. 3. That whenever an accident occurs to any employee embraced within the terms of the first section of this Act, and which results in death or a probable incapacity for work, it shall be the duty of the official superior of such employee to at once report such accident and the injury resulting therefrom to the head of his Bureau or independent office, and his report shall be immediately communicated, through regular official channels, to the Secretary of Commerce and Labor. Such report shall state, first, the time, cause, and nature of the accident and injury and the probable duration of the injury resulting therefrom; second, whether the accident arose out of or in the course of the injured person's employment; third, whether the accident was due to negligence or misconduct on the part of the employee injured; fourth, any other matters required by such rules and regulations as the Secretary of Commerce and Labor may prescribe. The head of each Department or independent office shall have power, however, to charge a special official with the duty of making such reports.

SEC. 4. That in the case of any accident which shall result in death, the persons entitled to compensation under this Act or their legal representatives shall, within ninety days after such death, file with the Secretary of Commerce and Labor an affidavit setting forth their relationship to the deceased and the ground of their claim for compensation under the provisions of this Act. This shall be accompanied by the certificate of the attending physician setting forth the fact and cause of death, or the non-production of the certificate shall be satisfactorily accounted for. In the case of incapacity for work lasting more than fifteen days, the injured party desiring to take the benefit of this Act shall, within a reasonable period after the expiration of such time, file with his official superior, to be forwarded through regular official channels to the Secretary of Commerce and Labor, an affidavit setting forth the grounds of his claim for compensation, to be accompanied by a certificate of the attending physician as to the cause and nature of the injury and probable duration of the incapacity, or the non-production of the certificate shall be satisfactorily accounted for. If the Secretary of Commerce and Labor shall find from the report and affidavit or other evidence produced by the claimant or his or her legal representatives, or from such additional investigation as the Secretary of Commerce and Labor may direct, that a claim for compensation is established under this Act, the compensation

to be paid shall be determined as provided under this Act and approved for payment by the Secretary of Commerce and Labor.

SEC. 5. That the employee shall, whenever and as often as required by the Secretary of Commerce and Labor, at least once in six months, submit to medical examination, to be provided and paid for under the direction of the Secretary, and if such employee refuses to submit to or obstructs such examination his or her right to compensation shall be lost for the period covered by the continuance of such refusal or obstruction.

SEC. 6. That payments under this Act are only to be made to the beneficiaries or their legal representatives other than assignees, and shall not be subject to the claims of creditors.

SEC. 7. That the United States shall not exempt itself from liability under this Act by any contract, agreement, rule, or regulation, and any such contract, agreement, rule, or regulation shall be pro tanto void.

SEC. 8. That all Acts or parts of Acts in conflict herewith or providing a different scale of compensation or otherwise regulating its payment are hereby repealed.

Approved, May 30, 1908.

APPENDIX D

BILL CONSIDERED BY LEGISLATURE OF ILLINOIS¹

An act to facilitate the insurance of employees against the consequences of accidents resulting in personal injury or death, and to permit agreements between employers and employees with reference to such accidents.

SECTION 1. *Be it enacted by the People of the State of Illinois, represented in the General Assembly:* That it shall be lawful for any employer to make a contract in writing with any employee whereby the parties may agree that the employee shall become insured against accident occurring in the course of employment which results in personal injury or death, in accordance with the provisions of this act, and that in consideration of such insurance the employer shall be relieved from the consequences of acts or omissions by reason of which he would without such contract become liable toward such employee or toward the legal representative, widow, widower, or next of kin of such employee.

SEC. 2. Such insurance shall be effected in some casualty insurance company, organized under the laws of the State of Illinois or admitted to do business in this state, provided that any employer employing not less than fifteen hundred (1,500) employees may establish an insurance fund from sums contributed by himself and his employees, upon condition that he undertake and agree to make up any deficiency in insurance benefits that may arise out of the inadequacy of such fund. Such fund shall be inviolably appropriated as a trust fund for the purposes of such insurance, and shall not be invested otherwise than in accordance with the provisions of sec. 14 of an act to provide

¹ This bill was recommended to the legislature of Illinois by the Industrial Insurance Commission appointed by Governor C. S. Deneen in accordance with a joint resolution of the legislature of Illinois, May, 1905. The bill was introduced into the Senate in April, 1907, and was discussed in a committee. It has received much notice and commendation from actuaries and the Department of Commerce and Labor, and was introduced into the legislature of New York in 1898. An account of its introduction is given in the *Proceedings of the American Economic Association*, 1908. Its central principle is embodied in the Massachusetts law of 1908,

for the organization of mutual insurance corporations, approved May 16, 1905. Provision shall be made for the election by the insured employees of an advisory committee which shall be kept informed regarding the state of the insurance fund, and shall have the right to examine the books kept in connection therewith. Such books shall also be subject to the inspection of the insurance superintendent of the state in the same manner as the books of insurance companies doing business in this state.

Upon the request of the employer, or upon the request of the advisory committee, the insurance superintendent shall act as depositary of the securities in which any such fund may be invested.

If any employer desires to discontinue an insurance fund maintained by him, or if he discontinues his business without transferring the same to a successor or assign, taking over and agreeing to maintain such fund, he shall notify the insurance superintendent of his purpose, who shall thereupon supervise the disposition of the insurance fund. Such fund shall be distributed among those equitably entitled to it according to their contributions (not taking into consideration expenses of the management), and where those entitled to any part of the fund cannot be discovered or ascertained, the moneys remaining unclaimed shall be paid into the insurance department to be held and disposed of as may be provided by law. The insurance superintendent shall be entitled to be paid out of such fund the reasonable expenses of his supervision, including a compensation not to exceed ten dollars per day for the time of any person or persons (other than a salaried employee of his office) employed by him for the purpose of such supervision necessarily spent in connection therewith.

SEC. 3. Such insurance shall cover the risk of personal injury by accident arising out of and in course of the employment, resulting in death, provided death occur within twelve months from the time of such injury, or resulting in disability, whether the same be total or partial, permanent or temporary.

SEC. 4. The insurance in case of death shall be for the benefit of such persons, being the widow, widower, father, mother, grandfather, grandmother, stepfather, stepmother, son, daughter, grandson, granddaughter, stepson, stepdaughter, brother, sister, half-brother, or half-sister, as are dependent wholly or in part for their support upon the earnings of such employee (all of which persons are hereinafter designated as dependents of such employee), or of such of them as may be named in the contract or the policy to which it refers and the persons

for whose benefit such insurance is made shall be bound by the agreement authorized by the first section of this act.

SEC. 5. In order to satisfy the requirements of this act the benefits payable under such insurance shall be at least as follows:

(i) In case of death.

(a) If the employee insures for the benefit of any dependents wholly dependent upon his wages at the time of his death, a sum equal to his wages in the employment of said employer during a period of three years next preceding the accident, but not less, in any case, than the sum of one thousand dollars, provided that the amount of any weekly payments made under such insurance or any lump sum paid in redemption thereof may be deducted from such sum, and if the period of the employee's employment by said employer has been less than said three years, then the amount of his earnings during the said three years shall be deemed to be one hundred and fifty-six times his average weekly earnings during the period of his actual employment by said employer.

(b) If the employee insures for the benefit only of persons partly dependent upon his wages at the time of his death, then a sum equal to the payments provided for the benefit of persons wholly dependent, less six times the average annual earnings, or if employed for less than a year, then less three hundred times the average weekly earnings of the said dependent person or persons partly dependent on his wages.

(c) If the employee leaves no dependents, then the reasonable expenses of his medical attendance shall be paid; and in addition, burial expenses not less than \$75 nor more than \$100 shall be paid.

And the contract or the policy therein referred to may provide for the payment, instead of a lump sum, of a weekly sum which in the case of persons wholly dependent, shall not be less than the weekly payment in case of total disability hereinafter provided for, and which, in the case of persons partly dependent, shall not be less than the weekly payment in case of total disability, less the amounts earned by the persons partly dependent, and which sum may be divided between the dependents in such manner as such contract or policy may provide or as may otherwise be agreed upon; or such contract or policy may provide for a combination of lump sums and weekly payments, or for the substitution of one for the other.

(ii) In case of injury not resulting in death, where total disability results from the injury, a weekly payment during the period of such

disability shall be paid to the insured, which shall not be less than 50 per cent. of his average weekly wages during the previous twelve months, if he has been so long employed by the contracting employer; if not, then a weekly benefit during the period of such disability which shall not be less than 50 per cent. of his average weekly wages during such shorter period as he has been in the employment of said employer.

(iii) In case of injury not resulting in death, where partial disability results, such weekly payment shall be made during the period of such partial disability as is equal to the difference between the weekly benefit payment during the period of total disability and the average amount which the injured person is able to earn after the accident. Loss by actual separation at or above the wrists or ankles of both hands or both feet, or of one hand and one foot, or the irrevocable loss of both eyes shall be deemed to be equal to total disability; the loss by actual separation at or above the wrist or ankle of one hand or one foot shall be equal to one-half of total disability; and the loss of one eye shall be equal to one-fifth of total disability. Total disability shall be deemed to mean inability to carry on any gainful occupation.

The contract or the policy herein referred to may provide that no benefits shall be paid in case of any injury which does not incapacitate the employee for a period of at least one week from earning full wages at the work at which he was employed at the time of the accident.

SEC. 6. Any contract, in order to satisfy the requirements of this act, shall provide that the employer shall contribute not less than 50 per cent. of the insurance premiums and the employees shall contribute the remainder of the premiums. In case the employer provides any insurance fund out of contributions made by himself and his own employees, as above provided, such employer shall pay the whole of the expenses of the management of such fund and all contributions shall be paid into such fund without any deduction by reason of such expense.

SEC. 7. The contract may provide that upon penalty of forfeiture of the benefits of the insurance the employee shall give reasonable and timely notice to his employer, to be fixed by the terms of the contract, of any accident which may entitle him to the benefits of such insurance, and that he shall submit himself to medical examination as required by the employer at the employer's expense.

SEC. 8. The contract may provide that the premium payable by the

employees shall be deducted from their wages. An employer who shall willfully and feloniously appropriate the amounts so deducted from the wages to any use other than the payment of insurance premiums as stipulated in the contract shall be guilty of embezzlement, and shall be punished accordingly.

SEC. 9. The contract between the employer and employee may provide that the insurance premiums shall be paid into the hands of a treasurer to be elected or appointed by the employees or by the employer and the employees in such manner and under such voting arrangements as the contract may specify. The payment of the premiums to the treasurer shall relieve the employer, and the penalty above prescribed for misappropriation of the funds required to be applied to insurance shall apply to such treasurer.

SEC. 10. In case of non-payment of the premiums within one month after the same are payable, the insurance company shall within two months after the expiration of such month send notice of such default by mail to the insured and to the insurance superintendent of the state. The insurance policy or the contract between the employer or employee may specify a shorter period than the one herein provided for. Until the required notice shall have been sent, the policy shall not be forfeited for non-payment of the premium.

SEC. 11. The employer may also advance the premiums of insurance for such number of employees and at such rates as may be agreed upon between him and the insurance company, and may thereupon be supplied by the insurance company with blank policies to be filled in by him with the name of any beneficiary under the provisions of this act and to be executed by him as agent of such company; and he may thereupon reimburse himself for the amounts payable by the employee by deducting the same from the wages of such employee.

SEC. 12. Such contract may provide that upon termination of his employment, from any cause whatever, the employee and his dependents shall cease to be entitled to the benefits of such insurance except as regards accidents occurring before the termination of his employment.

SEC. 13. Such contract may provide that any controversy regarding the extent of disability or the extent of dependency, or any controversy between dependents as to the amounts payable to them respectively, shall be settled by arbitration, the arbitrators to be named by the mutual consent of the parties, and should the parties fail to agree upon an arbitrator, then the arbitrator to be named by a

judge of the circuit court of the county in which the accident happened, and the reward of such arbitrator shall be binding upon both the employer and the employee, or his dependents, as the case may be.

SEC. 14. Any insurance paid in accordance with the provisions of this act shall not be liable to attachment by trustee, garnishee, or other process, and shall not be seized, taken, appropriated, or applied by any legal or equitable process, or by operation of law, to pay any debt or liability of the insured or any beneficiary, nor shall any claim to insurance money be assignable by the payee before the same is paid.

SEC. 15. A contract for insurance in pursuance of the terms of this Act shall not relieve the employer from liability for any accident due to his failure to comply with the lawful directions of any competent administrative authority given in the interest of the safety of employees, unless it shall have been impossible to carry out such directions by the time that the accident happened, or unless the enforcement of such directions has been suspended by the order of a court of competent jurisdiction.

SEC. 16. Every employer shall file with the insurance superintendent a copy of the form of contract and policy which he shall use under the provisions of this act, and in the event of such form being departed from in any particular case, shall also file a copy of such particular contract. If he shall fail to do so he shall be liable to a penalty of \$50.00, in each case to be recovered in an action of debt in the name of the people of the state.

SEC. 17. A quarterly report of all settlements and payments of insurance benefits shall be filed by the employer with the insurance superintendent. If such employer shall fail to make such report in thirty days after demand by the insurance superintendent, he shall be liable to a penalty of \$50.00, to be recovered in an action of debt in the name of the people of the state.

SEC. 18. The insurance superintendent shall prepare blanks of contract and policies complying with the provisions of this act and shall distribute the same upon application free of charge.

SEC. 19. Nothing in this act contained shall be construed as authorizing any employer and any officer or agent of such employer to require any employee or any person seeking employment as a condition of such employment, or of the continuance of such employment, to enter into a contract, or to continue in such contract, such as is authorized to be made by sec. 1 of this act.

APPENDIX E

CASUALTY INSURANCE COMPANY CONTRACTS¹

The following are the forms of policies and applications as adopted by the Liability Conference, June, 1904, and now in use by the companies forming the conference. Thirteen liability companies are members of the conference, but the policies issued by them follow the same general lines. The character of the liability insurance contract, the extent of liability of the insuring company, and the duties of the insured in respect to such contracts are clearly set forth in these documents.

FORM OF LIABILITY POLICY AND GENERAL AGREEMENTS

The following skeleton, or general form of liability, and the conditions appended, are the same in all liability contracts approved by the Conference. Special agreements, or conditions, as given herewith, adapt this form to each class of the liability contract:

In consideration of the application for this policy, a copy of which is hereto attached and which is made part of this contract, and of dollars (\$.) premium, hereinafter called "the company," does hereby agree to indemnify, of, County of, State of, hereinafter called "the assured," for the term of, beginning on the day of, at noon, and ending on the, day of, 190 . . . , at noon, standard time, at the place where this policy has been countersigned.

GENERAL AGREEMENTS

This insurance is subject to the following conditions, which are to be construed as conditions precedent of this contract:

1. The assured, upon the occurrence of an accident, shall give immediate notice thereof in writing, with full particulars, to the home office of the company, or to its duly authorized agent. He shall give like notices, with full particulars, of any claim which may be made on account of such accident.

2. If thereafter any suit is brought against the assured to enforce a claim for damages on account of an accident covered by this policy, immediate notice thereof shall be given to the company, and the company

¹ *Manual of Liability Insurance* (March, 1905), pp. 39 ff.; New York, The Spectator Co.

will defend against such proceedings, in the name and on behalf of the assured, or settle the same at its own cost, unless it shall elect to pay to the assured the indemnity provided for in clause "A" of special agreements as limited therein.

3. The assured shall not settle any claim, except at his own cost, nor incur any expense, nor interfere in any negotiation for settlement or in any legal proceeding without the consent of the company previously given in writing, but he may provide at the time of the accident such immediate surgical relief as is imperative. The assured, when requested by the company, shall aid in securing information and evidence and in effecting settlements, and in case the company calls for the attendance of any employee or employees as witnesses at inquests and in suits, the assured will secure his or their attendance, making no charge for his or their loss of time.

4. This policy does not cover loss from liability for injuries when the assured has failed to observe any statute affecting the safety of persons or has with knowledge violated any local ordinance made in the same behalf.

5. This policy does not cover loss for liability for injuries to any child employed contrary to law, nor to any child so employed under fourteen years of age, where no statute restricts the age of employment, nor does this policy cover any injury due wholly or in part to the employment of any such child.

6. If the assured carry a policy of another insurer, whether valid or not, against a claim arising under this policy, he shall not be entitled to recover from the company a larger proportion of the loss than the sum hereby insured bears to the whole amount of insurance. If the assured has any other policy in this company, in respect of any injury covered hereby, the assured shall elect the policy under which the accident shall be treated, but the company shall not be held responsible for a liability under more than one policy.

7. Any assignment of interest under this policy shall be void unless the written consent of the company is indorsed hereon by one of its officers.

8. No action shall lie against the company as respects any loss under this policy unless it shall be brought by the assured himself to reimburse him for loss actually sustained and paid by him in satisfaction of a judgment after trial of the issue. No such action shall lie unless brought within the period within which a claimant might sue the assured for damages unless at the expiry of such period there is such an action pending against the assured, in which case an action may be brought against the company by the assured within thirty days after final judgment has been rendered and satisfied as above. In no case, except that of minors, shall any action lie against the company after the expiration of six years from the date of the given injuries or death. The company does not prejudice

by this clause any defenses to such action which it may be entitled to make under this policy.

9. In case of payment of loss under this policy, the company shall be subrogated to all claims or rights of the assured in respect to such loss against any person or persons, and the assured shall execute any and all papers required to secure to the company said rights.

10. An agent has no authority to change this policy or to waive any of its provisions, nor shall notice to any agent or knowledge of his or of any other person be held to effect a waiver or change in this contract, or in any part of it. No change whatever in this policy nor waiver of any of its provisions shall be valid unless an indorsement is added hereto, signed by the president or secretary of the company, at its home office, expressing such waiver or change.

This policy shall cover losses sustained by and liability for any claims against the assured as a result of the risk specified in the contract or contracts hereto attached, and is issued and accepted upon the condition that all the provisions printed on the slip or slips attached to this policy are accepted and shall be fulfilled by the assured as part of this contract as fully as if they were recited at length over the signatures hereto affixed.

In witness whereof, the company has caused this policy to be signed by its president and secretary, at, but the same shall not be binding upon the company unless countersigned by a duly authorized representative of the company.

..... *President.* *Secretary.*
Countersigned at this day of, 190.
General Agent.

WORKMEN'S COLLECTIVE INSURANCE²

Against bodily injuries sustained by any employee or employees of the assured through external, violent and accidental means, while actually engaged in the occupation and at the places mentioned in the schedule indorsed hereon, and resulting from the operation of the trade or business described in said schedule.

SPECIAL AGREEMENTS

Clause A. If the death of any employee shall result within ninety days from such injuries, independent of all other causes, the company will pay to the assured a sum equal to week's wages, computed at the rate per week received by such injured employee at date of accident, but such sum shall not exceed one thousand five hundred dollars.

Clause B. If any employee shall, within ninety days, as the result of such injuries, independent of all other causes, lose by actual separation, at or above the wrists or ankles, both hands or both feet, one hand and one

² *Manual of Liability Insurance*, as cited, p. 61.

foot, or shall irrecoverably lose the sight of both eyes, the company will pay to the assured the amount specified in Clause A.

Clause C. If any employee shall, within ninety days, as the result of such injuries, independent of all other causes, lose by actual separation, at or above the wrist or ankle, one hand or one foot, the company will pay to the assured one-third the amount specified in Clause A.

Clause D. If any employee shall, within ninety days, as the result of such injuries, independent of all other causes, irrevocably lose the sight of one eye, the company will pay to the assured, in satisfaction of all claims for such injury, a sum equal to one-eighth the amount specified in Clause A, but not exceeding two hundred dollars.

Clause E. If such injuries, independent of all other causes, shall immediately, continuously and wholly disable and prevent such employee from engaging in any work or occupation for wages, the company will pay to the assured an amount equal to one-half the usual weekly wages of the injured employee for the period of such disability, not exceeding twenty-six weeks in respect of any one accident, but such sum shall not exceed five hundred dollars in respect of any one injured person during the policy year.

1. Recovery may be had for the benefit of the same employee under one of the foregoing clauses only as respects the results of injuries caused by any accident, and in no event shall the company's liability for a casualty, resulting in injuries to, or the death of several persons, exceed ten thousand dollars.

2. The premium is based on the wages to be expended by the assured during the period of this policy. If the wages actually paid exceed the sum stated in said schedule, the assured shall pay the additional premium earned; if less than the sum stated, the company will return to the assured the unearned premium, pro rata, but the company shall first retain not less than . . . dollars (\$. . .), it being understood and agreed that this sum shall be the minimum earned premium under this policy.

Issued by the company to

Countersigned President. Secretary.

SCHEDULE

1. Name of assured 2. Address of assured (name street, town, county, and state where office is located). 3. The locations of all factories, shops, or yards are given below 4. Trade or business is (state what the business is, giving the ratebook classification, specifically including character of work, etc.). 5. The application of employees are those usual and necessary to the trade or kind of business described above. 6. No power is used except as follows: 7. There are boilers. Their type is Their age is 8. There are elevators. Their type is The maker's name is 9. No

chemicals are used, except as follows: . . . 10. No explosives are used, except as follows: . . . 11. No stamping of sheet or other metal is done by power presses, except as follows: . . . (state number of power presses, if any) . . . 12. The estimated pay-roll includes the wages of all executive officers, office men, piece-workers employed in the factories or shops, and all other employees, except as follows: . . . 13. The employees whose wages are included in the following list do not make alterations or additions to buildings or plant. They make no repairs, except as follows: . . . 14. The following similar insurance is carried: Boiler, \$. . . Name of company . . . Employer's liability \$. . . Name of company . . . Elevator, \$. . . Name of company . . . 15. The insurances described in paragraph 14 cover the period for which this policy is written except as follows: . . .

16. The estimated average number of employees in each class or occupation and the estimated average annual wages in each description or class are given in the following list:

Description of Occupation. (Only those usual and necessary to the business are covered by this policy.)	Esti- mated Average Number	Esti- mated Total Annual Wages	Places Where Shops, Factories, or Yards Are Located	Remarks

17. The total expenditure for wages for the last calendar year, ended December 31, 190 . . ., was \$. . . 18. The estimated expenditure for wages for the term of this policy is \$. . . The premium rate is . . . cents for each \$100 of wages. The minimum premium is \$. . .

SURGEON'S CLAUSE

In consideration of an additional premium of \$. . ., being at the rate of \$. . ., for every one hundred dollars (\$100) of wages paid to the employees, this policy, subject to all its agreements and conditions, is hereby extended so that the company will, at its own cost and expense, furnish to the injured employee, through its own surgeon, such medical attendance as may be considered by such surgeon necessary to the treatment of any injuries covered hereby.

Dated . . ., 190 . . . Countersigned . . .

GENERAL EXPOSURE CLAUSE

In consideration of an additional premium of \$..., being at the rate of \$... for every one hundred dollars (\$100) of wages paid to employees, this policy, subject to all its benefits, agreements, and conditions, is hereby extended to cover accidents to the employees of the assured insured hereunder, occurring at any time or place during the continuance of this policy.

Dated , 190 . . . Countersigned

APPENDIX F

FORM OF AGREEMENT FOR LARGE FIRMS¹

ARTICLES OF ASSOCIATION

ARTICLE I

NAME

The undersigned, employees of the United Traction and Electric Company, or of companies owned, operated, or controlled by it, hereby form an association under the name of the United Traction Employees Mutual Aid Association.

ARTICLE II

OBJECT

The object of this Association is to afford aid and relief to sick and disabled members and to the widows and children of deceased members.

ARTICLE III

MEMBERS

Membership in this Association shall be limited to employees of the following companies, namely: The United Traction and Electric Company, The Rhode Island Company and companies owned, operated, or controlled by them, or either of them.

BY-LAWS

ARTICLE I

MEMBERSHIP

SECTION 1. Every employee of the United Traction and Electric Company, or of any company owned, operated or controlled by it, and every employee of the Rhode Island Company who is engaged in its street railway business who shall make the weekly contributions hereinafter required, shall be a member of this Association so long as he remains such employee, or is in receipt of a pension from any of said companies, or of benefits from this Association. Provided, however, that neither elective officers of said companies nor temporary laborers on construction work shall be members.

¹ This form was drawn up under the direction of the actuary, Mr. M. M. Dawson. It is not recommended for employers of a small force of wage earners.

SEC. 2. No certificate of membership shall be required, but proof of the fact that any person was, at a given date, eligible to membership, as provided in sec. 1, and had duly made all the contributions required by these By-Laws, shall be evidence that such person was, on that date, a member of this Association and entitled to benefits as hereinafter provided.

ARTICLE II

BOARD OF TRUSTEES

SECTION 1. The management of this Association shall be vested in a Board of Trustees, which shall consist of seven persons. Until the first day of January, A. D. 1903, this board shall be composed of four persons to be elected by the directors of the United Traction and Electric Company and of the following members of this Association, viz.: George S. Apley, Frederick T. Nicholas, and Charles Young. From and after the first day of January, A. D. 1903, said board shall consist of four persons to be elected by the Directors of the United Traction and Electric Company before the first day of January of each year, and three persons to be chosen from their own number by the members of the Association in the following manner, viz.: Each member whose name is on a pay-roll shall give in his ballot to the paymaster at the time of payment of his wages next before December 25 in each year. Members whose names are not on a pay-roll shall send in their ballots, with their names indorsed thereon, to the chairman of the Board of Trustees. The paymaster shall also turn in all ballots received by him to the chairman of the board. The votes shall be counted by the board or under its supervision, at a meeting to be held for the purpose not later than December 30th; and the three members having the largest number of votes shall be declared elected.

SEC. 2. From and after the first day of January, (A. D. 1903), the Board of Trustees shall hold their offices for the period of one year, beginning on the first day of January next succeeding the date on which they were chosen. Any vacancies in the number of the trustees chosen by the Directors of the United Traction and Electric Company may be filled by the remaining trustees chosen by said directors. And any vacancies in the number of the trustees chosen by the members of the Association may be filled by the remaining trustees chosen by said members.

SEC. 3. The Board of Trustees shall meet at two o'clock P. M. on the first Thursday of each month at the office of the Union Railroad Company in the City of Providence; provided, that the board may

change the time and place of such meeting, giving at least three days' notice of such change to each trustee. Special meetings may be called by the chairman and shall be called by the secretary upon request in writing of a majority of the board. At least three days' notice of such special meeting shall be given to each trustee. All notices shall be signed by the secretary, and shall be mailed, postpaid, to the several trustees at their addresses as last given to the secretary.

SEC. 4. Four trustees shall constitute a quorum for the transaction of business. When at any meeting a less number than a quorum is present, they may adjourn the meeting, giving at least three days' notice of the time and place of such adjourned meeting to the absent trustees.

SEC. 5. The Board of Trustees shall in the month of January in every year cause an audit and examination of the Association's accounts and condition to be made by a competent actuary who shall not be a member of said board, and shall issue a printed report for circulation among the members setting forth the receipts and disbursements for the previous year and the assets and liabilities on December 31st thereof, and such other facts as they may deem advisable concerning the transactions and condition of the Association.

ARTICLE III

OFFICERS AND THEIR DUTIES

SECTION 1. The Board of Trustees shall, at their first regular meeting after their election, proceed to organize by the election of a chairman, a treasurer, a secretary, and such other officers as they may deem necessary. All officers shall hold their offices during the pleasure of the board.

SEC. 2. It shall be the duty of the chairman to preside at all meetings.

SEC. 3. It shall be the duty of the secretary to keep a correct record of the proceedings of all meetings; to keep a correct account of the receipts and disbursements of the Association and to report the same to the Board of Trustees when required; and to give all notices required by the By-Laws.

SEC. 4. It shall be the duty of the treasurer to receive and hold the funds of the Association, depositing the same in a bank or banks approved by the Board of Trustees, and disbursing moneys only upon the joint order of the chairman and secretary. It shall be required to give bond, approved by the board, in the sum of five thousand dollars for the faithful performance of his duties.

ARTICLE IV

CONTRIBUTIONS

SECTION 1. For the purpose of determining benefits and contributions, the members of this Association shall be divided into three classes, as follows:

Class First—All members whose weekly earnings are less than nine (9) dollars.

Class Second—All members whose weekly earnings are nine (9) dollars or more but not so much as twelve (12) dollars.

Class Third—All members whose weekly earnings are twelve (12) dollars or more.

The amount of wages paid the member for the week of his employment last previous to claim being made for death or disability benefit shall determine the class of the member; provided that in cases where, by reason of absence for part of the week, the wages fall below the usual figure, no change of class shall take place if the member make the contribution required in his proper class.

SEC. 2. The contributions of members to the funds of the Association shall be as follows:

Class First—Ten cents each week.

Class Second—Fifteen cents each week.

Class Third—Twenty cents each week.

Such contributions shall be made each week during the receipt of benefits from the Association for sickness or accident as well as each week when the member is engaged in his employment; and also each week when the member is in receipt of a pension from either of the companies mentioned in Art. I, sec. 1.

ARTICLE V

BENEFITS AT DEATH

SECTION 1. Upon proof of the death of a member from any cause except those mentioned in sec. 3 of this article, there shall be paid to his beneficiary or beneficiaries, as hereinafter provided, the following sum, according to the class of membership, viz.,

Member of the first class, five hundred (500) dollars.

Member of the second class, seven hundred and fifty (750) dollars.

Member of the third class, one thousand (1,000) dollars.

SEC. 2. Said sums shall be paid, one-half to the widow or husband, and one-half to the children of the deceased; and if there be no children, the whole shall go to the widow or husband, and if there be no widow or husband, to the next of kin, in the proportion provided by law in

relation to the distribution of personal property left by persons dying intestate.

Provided, however, that no person shall be entitled to receive any benefit upon the death of any member of this Association who was, at the time of his decease, in receipt of a pension from either of the companies mentioned in Art. I, sec. 1; except the widow or husband of such member.

SEC. 3. No right to benefits shall accrue to any person upon the death of a member if such death is due wholly or in part, directly or indirectly, to intoxication or to the use of alcoholic liquors, as a beverage, or to the immoderate use of stimulants or narcotics; or to unlawful acts of immorality; or to venereal disease, however contracted; or to fighting, except in self-defense against unprovoked assault; or to any injury received in a liquor saloon, gambling-house, or other disreputable resort, or resulting from voluntary and unnecessary exposure to danger of injury, contagion or infection, unless in pursuance of duty as an employee of some of the companies mentioned in Art. I, sec. 1.

ARTICLE VI

BENEFITS IN CASE OF DISABILITY

SECTION 1. Upon proof of the disability, as hereinafter defined, of a member from any cause which is not hereinafter declared to disqualify him from receiving benefits, there shall be paid to such member the following sum, according to the class of membership, viz.,

Member of the first class, four (4) dollars per week.

Member of the second class, six (6) dollars per week.

Member of the third class, eight (8) dollars per week.

Provided, that if the total benefit insurance of any member, including that herein provided, exceeds his average weekly wages, the benefit to be received by such member from this Association shall be such proportion of the benefit hereinbefore specified as his average weekly wages bears to his total benefit insurance.

SEC. 2. Disability is hereby defined as total incapacity to carry on any gainful occupation. But no benefits shall be paid for disability arising from any of the causes mentioned in sec. 3 of Art. V. of these By-Laws.

SEC. 3. Benefits for disability shall be payable to the member so long as the disability continues; provided, that no benefit for disability shall continue to be paid after the person entitled to such benefit becomes entitled to a pension from any of the companies mentioned in Art. I, sec. 1.

SEC. 4. Members shall have no property in the several instalments of disability benefits until the same shall become payable, which shall be at twelve o'clock noon on each Thursday during the period of the member's disability. No assignment of such benefits shall be recognized by the Association. And if the right of the beneficiaries named in these by-laws to such benefits shall in any manner become alienated so that such beneficiaries cannot themselves receive the same, the obligation of the Association to pay such benefits shall thereupon cease.

ARTICLE VII

RELEASES

SECTION 1. In consideration of the agreement between the United Traction and Electric Company and this Association, and of the contributions to be made to the funds of this Association as provided by said agreement, and of the assumption by the Rhode Island Company of the obligations of the United Traction and Electric Company under said agreement, no benefit either for death or disability shall be payable except upon a receipt which shall contain a release in proper form to said United Traction and Electric Company and the several companies owned, operated or controlled by it, and to the Rhode Island Company from all liability to the beneficiaries on account of such death or disability, and of any injury, act, neglect, or omission by which such death or disability was caused.

SEC. 2. Should any member or any beneficiary of a member make any claim or bring any suit against said United Traction and Electric Company, The Rhode Island Company, or any company owned, operated or controlled by them, or either of them, for damages because of any such death, disability, injury, act, neglect, or omission, or cause such claim to be made or suit to be brought, such member or beneficiary shall not be entitled to receive any benefits from this Association, unless such claim is abandoned or withdrawn or such suit discontinued without trial. Any payment, compromise or settlement of such claim, or of any judgment under such suit shall cancel and nullify all the rights of such member or beneficiary to any benefits from this Association.

ARTICLE VIII

PROOFS OF DEATH AND DISABILITY

SECTION 1. To entitle to benefits for death of a member, proof of the fact and cause of death and of the identity of the deceased and the relationship of the beneficiary must be furnished within thirty (30)

days after the death of the member upon blanks supplied by the Association.

SEC. 2. To entitle to benefit for disability notice of such disability, specifying the nature of the same, must be given to the Association within thirty (30) days after the commencement of such disability. If such notice is given within two days after the commencement of such disability, benefits will accrue from the date of such commencement; otherwise, from the date of the notice only. The disabled member must at any and all times permit a physician or physicians selected by the Association to examine him. And a refusal at any time to permit such examination shall forfeit all right to further benefits until such examination is permitted.

SEC. 3. The Board of Trustees shall determine the right of any member or beneficiary to benefits or may delegate this power to any person or persons whom it may select. Any determination by any person or persons so selected, of the right of any member or beneficiary to a benefit, shall be reviewed by the board upon application of any member of said board, or of the member or beneficiary of the Association who is interested in such benefit. In all cases where the question of the payment of a benefit is decided by the board, whether originally or on review, it shall be necessary, in order that the benefit shall be paid, that a majority of all the trustees shall concur in ordering such payment.

ARTICLE IX

APPLICATION OF SURPLUS FUNDS

SECTION 1. The Board of Trustees may at its discretion apply any surplus of funds which the Association may from time to time be found to possess, in any one or more of the following ways:

First, To pay partial benefits for partial disability.

Second, To increase the benefits for death or disability or both.

Third, To diminish the contributions of the members, ratably.

SEC. 2. In event such surplus or part thereof be applied to pay partial benefits for partial disability, the Board of Trustees shall have power to determine both who are entitled thereto and the amount of benefit which shall be paid in each case.

ARTICLE X

FORFEITURE OF MEMBERSHIP AND BENEFITS

SECTION 1. It being the aim and purpose of this Association to provide benefits only for employees of the Rhode Island Company, the United Traction and Electric Company and of companies owned, oper-

ated and controlled by them or either of them and to secure the benefits provided by the foregoing by-laws to such employees at the current cost of the same, less the contributions to be made as provided by contract with this Association, by said United Traction and Electric Company and by the Rhode Island Company, by virtue of its assumption of said contract, it is hereby expressly declared that every member who shall cease from any cause to be an employee of said company or companies, or of some of them, shall thereupon cease to be a member of this Association; and that he and each and every of his beneficiaries shall thereupon forfeit all right, title and interest, if any he or they had, in or to funds held by said Association, and all right or claim to receive any benefits from said Association; provided, however, that nothing in this article contained shall affect the provisions heretofore made by these By-laws for members and the beneficiaries of members, who, while not actually in the employ of any of the companies mentioned in Art. I, sec. 1, are in receipt of benefits from this Association for total disability, or of a pension from some of said companies; and provided further, that temporary suspension, or temporary absence from duty on leave, shall not be construed as a termination of a member's employment.

ARTICLE XI

AMENDMENTS

SECTION 1. These By-laws may be altered or amended at any regular meeting of the Board of Trustees, or at a meeting called for the purpose, provided that written notice has been given to each trustee of the purpose to so amend and that the amendment or altered by-laws are passed by a majority vote of the entire board.

CONTRACT

UNITED TRACTION AND ELECTRIC COMPANY

WITH

UNITED TRACTION EMPLOYEES MUTUAL AID ASSOCIATION

WHEREAS, an Association has been organized under the name of the United Traction Employees Mutual Aid Association by employees of the United Traction and Electric Company and of various companies owned, operated or controlled by it, and

WHEREAS, the purposes and objects of said Association are, as more fully set forth in its Constitution and By-laws (to which reference is hereby made), to furnish benefits during the disability of its members and benefits to dependents upon the death of a member, and

WHEREAS, The United Traction and Electric Company is desirous of aiding in the accomplishment of the purposes and objects of said Association and of co-operating with said Association in securing to its members and the several companies by which they are employed, the mutual advantages to be derived from such an Association, and of providing in this manner, an additional inducement and compensation to the employees of said companies for faithful and meritorious service, and

WHEREAS, the said Association is desirous of such aid and co-operation of the United Traction and Electric Company.

Now, THEREFORE, this agreement, made this nineteenth day of October, A. D. 1901, by and between the said United Traction and Electric Company (hereinafter called "the Traction Company" and the said United Traction Employees Mutual Aid Association (hereinafter called "the Association") WITNESSETH:

First—The Association agrees that its management shall always be vested in a board of seven trustees, four of whom shall be chosen by the directors of the Traction Company; and that the contributions collected from members, and the payments made to members or other beneficiaries for death or disability benefits shall be such and shall be made upon such terms and conditions as are prescribed by the By-laws of said Association now in force (a copy of which, marked "Exhibit A," is hereto annexed and made a part hereof), and any amendments thereof adopted in the manner therein provided; and that the proceedings and government of said Association shall be in conformity with said By-laws and amendments.

Second—The Traction Company agrees to contribute to the funds of the Association as follows, viz.:

1. One hundred (100) of each five hundred (500) dollars payable at the death of a member of the first class; one hundred and fifty (150) dollars of each seven hundred and fifty (750) dollars payable at the death of a member of the second class; and two hundred (200) dollars of each one thousand (1,000) dollars payable at the death of a member of the third class.

2. One-fourth of the amount of contributions by the members, payable weekly as the said amount may be determined.

3. Sums, from time to time, sufficient to meet the current expenses of management, including expenses of adjusting and litigating claims, and

4. Sums equal to the deficiencies which may at any time be found

to exist in the funds of the said Association; provided that contributions to make good any such deficiencies shall be repaid out of any surplus of such funds as may thereafter be accumulated.

Third—The Traction Company further agrees to make collection of the contributions of the members of the Association by deducting or causing to be deducted from their wages, pensions, or disability benefits as the case may be, the amount of such contributions, as fixed by the By-laws of the Association; and to turn over, or cause to be turned over to the Association the full proceeds of such collection without deduction or charge.

Fourth—This agreement shall remain in full force and effect until all obligations for benefits assumed by the Association in accordance with its By-laws are discharged; provided, however, that modifications may be made at any time and from time to time, if approved by all the trustees of the Association and a majority of the directors of the Traction Company.

IN WITNESS WHEREOF, the said United Traction and Electric Company has caused its name to be hereto subscribed and its seal to be hereto affixed, by Marsden J. Perry, its vice-president, thereunto duly authorized, the day and year first above written; and in like witness the said United Traction Employees Mutual Aid Association has, on the same day, caused its name to be hereto subscribed and its seal to be hereto affixed by Cornelius S. Sweetland, its treasurer, thereunto duly authorized.

UNITED TRACTION AND ELECTRIC COMPANY

By Marsden J. Perry, *Vice-President* (SEAL)

UNITED TRACTION EMPLOYEES MUTUAL AID ASSOCIATION

By Cornelius S. Sweetland, *Treasurer* (SEAL)

In presence of: Walter F. Angell.

APPENDIX G

RULES OF SWIFT & CO. EMPLOYEES BENEFIT ASSOCIATION

Effective July 1, 1907

GENERAL

1. The object of Swift & Company Employees Benefit Association is the establishment and management of a fund for the payment of definite amounts to such employees as contribute thereto, who shall be known as "Members of the Benefit Association," when, under the rules, they are entitled to such payment by reason of disability, or, in the event of their death, to the relatives or other beneficiaries designated.

2. Whenever in these rules the following words occur without qualification they shall have the meaning here given: "President" and "Board of Directors" shall mean respectively the President and Board of Directors of Swift & Company, an Illinois corporation, its successors or assigns. "Benefit Association" shall mean Swift & Company Employees Benefit Association. "Manager," "Medical Director" and "Medical Examiner," shall mean the Manager, Medical Director and Medical Examiner respectively of said Benefit Association.

3. The Benefit Fund shall consist of contributions from members of the Benefit Association, income from investments and money advanced by Swift & Company, when necessary to pay benefits as they become due.

4. As Swift & Company have agreed with the Trustees of the Benefit Association to pay the operating expenses thereof and to make good any deficiency in its funds to meet obligations to members, the contributions from members shall be used only for the payment of benefits due to members of the Benefit Association.

5. There shall be an Advisory Committee as follows:

The Treasurer of Swift & Company shall be *ex officio* a member and Chairman of the Committee.

The other members of the Committee shall be chosen annually, in November, to serve for one year from the first day of January next succeeding and until their successors shall be chosen and take office, as follows:

Seven shall be chosen by the Board of Directors and seven by the employees who are members of the Benefit Association from among themselves, one representative from the Chicago plant and one from each of the other plants in rotation, so that each plant shall in its turn be represented.

Ten members shall constitute a quorum of the Committee for the transaction of business.

6. The members of the Committee chosen by the members of the Benefit Association shall be elected by ballot from the respective plants and on such date in November as the Advisory Committee shall designate. The polls shall be open during the business hours of the date designated and the vote shall be taken and certified under oath by tellers selected by the Committee.

For the Committee to serve during the first fiscal year the members to represent the contributing employees shall be appointed by the President.

In the event of the termination of service of any member of the Committee, or of his withdrawal from membership in the Benefit Association, his membership in the Committee shall thereupon terminate. Any vacancy among the members of the Advisory Committee elected by contributing employees shall be filled by the member of the same packing plant who shall have received the next highest number of votes to the retiring member, and in the event that no one shall be eligible to fill such vacancy, a member from the same packing plant shall be designated by the President.

Any vacancy among the members chosen by the Board of Directors shall be filled by appointment of the President.

Members shall serve until their successors are chosen and take office as provided.

The Manager shall be Secretary of the Committee.

7. The Committee shall have general supervision of the operation of the Benefit Association and shall see that it is conducted according to the Rules.

The committee shall hold stated meetings, quarterly, at Chicago, on the second Thursday of January, April, July, and October in each year, and shall meet at other times at the call of the Chairman. It shall be the duty of the Chairman to call special meetings of the Committee upon the written request of five (5) of its members. The necessary expenses of members of the Committee while engaged on the business of the Benefit Association, or traveling to or from meetings

of the Committee, and the pay or wages of such members for such time shall be included in the expenses of the Benefit Association assumed by Swift & Company.

8. The Manager shall have charge of all business pertaining to the Benefit Association. He shall employ such clerks and other assistants as may be necessary, prescribe the forms and blanks to be used, certify all bills and pay-rolls of the Benefit Association, furnish the Committee such reports as they may require, decide all questions properly referred to him, and exercise such other authority as may be conferred on him by the Trustees or the Committee.

9. There may be an Assistant Manager, who shall exercise all the authority of the Manager, in his absence, and shall at all times perform such other duties as may be assigned to him by the Trustees, Committee, or Manager.

10. There shall be a Medical Director who shall, subject to the approval and control of the Manager, appoint Medical Examiners, assign them to locations, direct their work and have general supervision of the medical and surgical affairs of the Benefit Association. The Medical Director may be the same person as the Manager or Assistant Manager.

The Manager, Assistant Manager, and Medical Director shall be appointed by the Trustees.

11. The Medical Examiners shall make the required physical examination of applicants for membership in the Benefit Association, prepare applications, report the condition of sick or injured members, decide when members are disabled, and when they are ready for work, certify bills for surgical treatment, perform such other duties as may be required of them by the Medical Director and conform to such rules as he may establish.

12. Whenever used in these rules the words "Medical Officers" shall be held to mean the Medical Examiner in charge of any case, and the Medical Director.

13. The fiscal year of the Benefit Association shall begin with the first day of January of each year.

At the close of each fiscal year the accounts of the Benefit Fund shall be audited, and the condition of the Fund reported by competent person or persons selected for that purpose by those members of the Committee who represent the members of the Benefit Association.

14. Amendments to the rules of the Benefit Association may be proposed to the Committee at any quarterly meeting by any member

of the Committee. Amendments so proposed may be acted upon only at a subsequent meeting. No amendment shall be operative unless adopted by the affirmative vote of two-thirds of all the members of the Committee, approved by the Board of Directors and duly certified by the Manager to the Trustees. Any amendment so adopted, approved and certified shall be announced by the Manager and shall be binding upon the Trustees, and upon the members of the Benefit Association, and all persons claiming through them from the date specified in the announcement thereof.

MEMBERSHIP

15. All employees of Swift & Company who are contributing to the Benefit Fund shall be called "Members of the Benefit Association."

16. There shall be eight (8) classes of members.

The highest class in which an employee may be a member shall be determined by his regular or weekly pay, as per schedule.

For employees paid by the hour, piece, or in any other way than by the week, the highest class shall be determined by the usual amount of earnings in a week.

17. No employee shall be required to become a member of the Benefit Association.

18. Any employee may, upon passing a satisfactory medical examination and the approval of his application by the Manager, become a member in the highest class allowed by his pay or in any lower class. Any employee over forty-five years of age who entered the employ of Swift & Company prior to January 1, 1907, may, on or before December 31, 1907, upon passing a satisfactory medical examination and approval of his application by the Manager, become a member in the highest class allowed by his pay at the same rates as are prescribed for members under forty-five years of age.

Any member forty-five years of age or over who does not take advantage of this provision on or before December 31, 1907, or who enters the employ of Swift & Company on or after January 1, 1907, may become a member in the highest class allowed by his pay at the rates provided in the schedule for employees forty-five years of age and over.

ADDITIONAL DEATH BENEFITS

19. A member, upon executing the proper form of application, and passing a satisfactory medical examination and approval of his application by the Manager, may contribute as per schedule for additional

death benefits not greater in the aggregate than the death benefit of the class he enters.

20. Any member not over forty-five years of age may, upon executing the proper form of application and passing a satisfactory medical examination, and approval of his application by the Manager, change to any higher class allowed by his pay.

21. Any member may, upon executing the proper form of application, change to a lower class.

22. An employee cannot remain a member in a class higher than that allowed by his pay except as to death benefit. If a member declines to effect a proper reduction of class when necessary, the Manager shall have authority to cancel his membership.

23. Any member may withdraw from the Benefit Association at the end of any week upon giving notice before Tuesday of that week.

24. Any member who is temporarily relieved from service for a period not exceeding four weeks may retain his membership during such absence by paying his contributions in advance.

25. When a member resigns from the service, leaves the service without notice, or is relieved or discharged therefrom (or is relieved from service for a period longer than four weeks), his membership in the Benefit Association shall cease with his employment, and he shall not be entitled to any benefits for time thereafter, except such as he may be entitled to by reason of disability beginning and reported before and continuing without interruption to and after such termination of employment; provided, however, that any member who has been in the employ of Swift & Company for three years, and a member of the Benefit Association for one year immediately preceding the termination of his employment, may continue his membership thereafter in respect only of the minimum death benefit he has held at any time during the last year of such employment, or of any smaller amount upon making supplementary application therefor on the prescribed form before termination of employment or within five days thereafter.

26. Membership in the Benefit Association shall be based upon an application in the following form:

APPLICATION FOR MEMBERSHIP IN SWIFT & COMPANY EMPLOYEES
BENEFIT ASSOCIATION

To the Manager of Swift & Company Employees Benefit Association:

I, of, in the County of and State of, now employed by Swift & Company, do hereby apply for membership in Swift & Company Employees Benefit Association, and consent and

agree to be bound by the Rules of said Benefit Association, which Rules I have read or have had read to me, and by any other Rules of said Benefit Association hereafter adopted and in force during my membership, and by the provisions of the Deed of Trust governing the organization of the Benefit Association, and the amendments thereto.

I also agree, request and direct that Swift & Company, by its proper agents, and in the manner provided for in such Rules, shall apply as a voluntary contribution from any wages earned by me under said employment the sum of (\$ -100) per week, for the purpose of securing the benefits provided in the Rules for a member of the Benefit Association of the class with additional death benefits of the first class. Unless I shall hereafter otherwise designate in writing, with the approval of the Manager of the Benefit Association, death benefit shall be payable to my wife (husband), if I am married at the time of my death; or if I have no wife (husband) living, then to my children, collectively, each to be entitled to an equal share, excluding, as entitled to the parent's share, the issue of any dead child; or if there be no children or such issue living, then to, if living; and if not living, to my father and mother jointly, or their survivor; or if neither be living, then to my next of kin, payment in behalf of such next of kin to be made to my legal representatives; or if there be no such next of kin, the death benefit shall lapse, and the amount thereof shall remain as part of the Benefit Fund, and no one claiming under me shall have any right or interest therein.

I also agree that this application, upon the approval of the Manager of the Benefit Association, shall make me a member of the Benefit Association on and from the date specified in such approval, and that such membership shall not be avoided by any change in the character of my service, or locality where rendered, while in the employment of said Swift & Company, nor by any change in the amounts applicable from my wages to the Benefit Fund to which I may hereafter consent, and that the agreement that the above named amounts shall be deducted from my wages shall apply also to any other amounts which I may agree to pay under the provisions of said Rules, by reason of changes made as aforesaid.

I also agree, for myself and those claiming through me, to be governed by the Rule, or Rules, providing for final and conclusive settlement of all claims for benefits or controversies of whatever nature by reference to the Manager of the Benefit Association, and an appeal from his decision to the Advisory Committee.

I certify that I am correct and temperate in my habits; that, so far as I am aware, I am now in good health, and have no injury or disease, constitutional or otherwise, except as shown on the accompanying statement made by me to the Medical Examiner, which statement shall constitute a part of this application.

I also agree that any untrue or fraudulent statement made by me to

the Medical Examiner, or any concealment of facts in this application, or any attempt on my part to defraud or impose upon said Benefit Association, or my resigning from or leaving the service of said Swift & Company, or my being relieved or discharged therefrom, shall forfeit my membership in the said Benefit Association, and all rights, benefits, or equities arising therefrom; except that such termination of my employment shall not (in the absence of any of the other foregoing causes of forfeiture) deprive me of any benefits to the payment of which I may be entitled by reason of disability, beginning and reported before and continuing without interruption to and after such termination of my employment, nor of the right to continue my membership in respect of death benefit only, as provided in said Rules.

In witness whereof, I have signed these presents at, in the County of, State of, this day of A. D. 190, this application to take effect on such date as may be designated by said Manager.

The following changes made before said execution:

.....
Witness:.....

The foregoing application is approved at the office of the Manager of Swift & Company Employees Benefit Association at Chicago, in the County of Cook, State of Illinois, this day of A. D. 190, to take effect the day of, A. D. 190

.....
Manager of Benefit Association

The application, accompanied by the report of the Medical Examiner, shall be forwarded to the Manager, and, upon approval by him, the applicant shall become a member from as early a date as notice of approval can reach him—and the Manager shall issue to him a certificate of membership.

27. If any applicant for membership or for change in membership has physical defects which would preclude the approval of his application, if presented unconditionally, his application may nevertheless be approved; provided, that he executes an agreement in writing, satisfactory to the Manager, to the effect that he shall not be entitled under his membership to any benefits for disability caused by, arising from, or growing out of such defects, such agreement to be attached to and to be made a part of his said application, and such modification of the prescribed forms of application is hereby authorized.

28. The application of a married woman must be signed also by her husband, and that of a minor by the father, or if the father be

not living or be not the head of the family, by the mother or the legal guardian unless otherwise ordered by the Manager.

CONTRIBUTIONS

29. The word "Contributions" wherever used in these Rules shall be construed to mean such designated portion of the wages payable by Swift & Company to an employee as he shall have agreed in his application that Swift & Company shall apply for the purpose of securing to him the benefits of the Benefit Association, or such cash payment as it may be necessary for a member to make for said purpose.

30. Contributions shall be made weekly or fortnightly in advance at rates as provided for in schedule. Contributions from members not in service but continuing death benefit shall be payable quarterly in advance.

31. Contributions for any week or fortnight will be due on the first day of that week or fortnight, and will ordinarily be deducted for the ensuing week or fortnight from the member's wages on the pay-roll for the preceding week or fortnight.

When a member has no wages on the pay-roll any contributions due from him must be made in cash, otherwise he will be in arrears. A member in the service shall make such cash payments to the Manager through the Cashier of the plant at which he belongs.

A member who has left the service and is contributing for death benefits only shall make such cash payments direct to the Manager.

32. Benefits shall not be due on account of disability beginning or death occurring while a member is in arrears.

When a member is in arrears for two months his membership shall cease and he shall have no further right or claim against the Benefit Association.

33. When a member recovers from his disability his contributions for the week in which he recovers, if not already paid, together with his contribution for the following week or fortnight, shall be deducted from the pay-roll of the week in which he recovers.

34. A member shall not make contributions for any time of disability beyond the week or fortnight in which disability begins, except as specifically provided in the Rules. When wages are paid during disability the usual contributions shall be made.

35. When a member's service terminates there shall be due him as refund any excess of contribution he may have made above what is necessary to adjust his account up to the termination of his service.

Any such refund shall be payable upon application therefor by the member.

DISABILITY

36. Wherever used in these rules the word "Disability" shall be held to mean physical inability to work by reason of sickness or accidental injury, and the word "Disabled" shall apply to members thus physically unable to work.

The decision as to when members are disabled and when they are able to work shall rest with the Medical Officers of the Association, and their decision shall be final and binding upon the member, subject to the provisions of sec. 52.

In considering the question of disability, subjective symptoms or alleged symptoms will be given due weight, but these, in themselves, unsupported by objective or discoverable symptoms, shall not entitle a member to be considered disabled.

BENEFITS

The following benefits shall be paid to members or beneficiaries entitled thereto, in accordance with the provisions of the Rules.

ACCIDENT BENEFITS

37. Payment for each week (or, proportionately, for part of a week, excluding Sunday) of disability classed as due to accident for a period not longer than 104 weeks, at benefits as per schedule. Also payment to or in behalf of the member of such an amount for necessary surgical treatment as may be approved by the Medical Director. No member shall have authority to contract bills against the Benefit Association and nothing herein shall be held to mean or imply that the Benefit Association shall be responsible for the payment of such bills as a member may contract, or his surgeon may charge. Bills for surgical attendance to be considered by the Benefit Association must be made out against the member and must be itemized. To establish a claim for accident benefits, the accident must be reported immediately upon its occurrence, and there must be external positive and visible evidence of physical injury by accident sufficient to cause immediate disability. In cases of alleged sprain, strain, wrench, and the kind, where physical proof of disabling injury is lacking, the member must furnish substantiated history satisfactory to the Manager, of violence accidentally inflicted, sufficient and liable to cause disabling injury, otherwise accident benefit will not be allowed.

When a member meets with any accident from which disability

may result and on account of which he wishes to reserve the right to claim accident benefits, he shall report the accident to his timekeeper immediately upon its occurrence, and also report in person to the Medical Examiner the same as is provided in cases of actual disability.

If a member receives accidental injuries producing the immediate severing of, or necessitating, in the opinion of the Medical Officers of the Benefit Association, the amputation of a hand or foot at or above the wrist or ankle, he may either receive weekly benefits and payment of surgical bills, as hereinbefore provided, also an artificial limb, when such can be worn, or in lieu thereof and in full of all claims or demands of whatsoever nature against the Benefit Association, arising from such injuries, he may receive as per schedule—and twice these benefits are provided in schedule in case of loss of both hands or both feet, or of one hand and one foot.

If a member receives accidental injuries resulting in the total loss of sight of one eye, he may either receive weekly benefits and payment of surgical bills, as hereinbefore provided, or in lieu thereof and in full of all claims or demands of whatsoever nature against the Benefit Association, arising from such injuries, he may receive as per schedule—and twice these benefits are provided in schedule in case of total loss of sight of both eyes.

SICK BENEFITS

38. Payment for each week, except the first six working days (or proportionately for part of a week, excluding Sundays) of disability classed as due to sickness, for a period not longer than fifty-two weeks, at the same benefits as for accident benefits, and at half such benefits for an additional period of fifty-two weeks.

When a member shall have received full benefits for fifty-two weeks and half benefits for fifty-two weeks additional for sickness disability from the Benefit Fund, he shall not be entitled to further disability benefits.

To establish a claim for sick benefits there must be positive evidence of acute or constitutional disease sufficient to cause disability.

Disability resulting from infection of a cut, abrasion, scratch, puncture or other wound, or from any injury not immediately disabling and not reported at the time of the accident causing the injury, or from poison however taken into or acting upon the body, or from any overdose of medicine or drug taken by mistake, or from surgical operation necessary for the removal of some defect, which

would otherwise produce disability, or from sunstroke, or frostbite shall be classed as due to sickness.

39. A member shall not be entitled to receive benefits continuously for more than 104 weeks for any disability.

40. A member who has received sick benefits to the full extent contemplated by these Rules, may retain his membership in respect to death benefit only by contributing for the same, such contributions to begin at the expiration of his right to sick benefits, otherwise his membership shall cease.

41. In case of any grave injury or chronic sickness where a member desires to accept a lump sum in lieu of the benefits which might become due him or on his account, and in full of all obligations of the Benefit Association arising from his membership, the Manager shall have authority to make full and final settlement with such member on such terms as may be agreed upon in writing. All such settlements shall be reported to the Committee at their next meeting.

42. Benefits on account of continued disability will be paid fortnightly. Benefits for short periods of disability will be paid as soon as the amount due can be ascertained.

Benefits shall be payable only to the disabled member or in accordance with his written order, when approved by the Manager or his legal representative; but payment for surgical treatment may be made to the attending surgeon.

When, in the opinion of the Manager, a member is legally incompetent, disability benefits due him may, at the discretion of the Manager, be paid to his wife or to some other member of his family for the use and benefit of the member, and such payments shall be made a bar to any subsequent claim on the part of the member or his legal representative for amounts so paid.

43. When a member becomes disabled, he shall notify his time-keeper immediately or cause him to be notified. In reporting disability, the member shall give his house address. If he fails to give notice until he recovers, he shall not be entitled to benefits unless he proves his disability to the satisfaction of the Manager, and gives satisfactory reason for failure to give notice. If he gives notice during disability, but delays in so doing, he shall not be considered disabled before the day on which notice is given, unless he proves his disability before that day to the satisfaction of the Manager, and gives satisfactory reason for delay in giving notice.

When a member becomes disabled he shall, also, unless unable on

account of his disability, report immediately to the Medical Examiner at his office during business hours. A disabled member not confined to the house by his disability, shall also report at the Medical Examiner's office from time to time as requested, and keep any other appointments made by the Examiner. Members who avoid the Medical Examiner or neglect to report or keep appointments shall not be entitled to benefits.

If a member who has been reported as able to work by the Medical Examiner, is not able to work on the day set, he shall immediately notify his timekeeper, and the Medical Examiner, and report to the latter in person, if possible; otherwise he shall not be considered disabled after the day set for his return to work.

44. When a member becomes disabled when away from home, whether on business for Swift & Company or leave of absence, he shall not be entitled to benefits unless he reports his disability immediately and proves it to the satisfaction of the Manager.

45. When a disabled member wishes to leave home, he shall obtain from the Medical Examiner written approval of absence for a specific time, shall furnish him satisfactory proof of disability, while absent, and report immediately to him on his return, otherwise he shall not receive benefits while absent.

46. Benefits shall not be payable for disability directly, indirectly or partly due to intoxication, or to use of alcoholic liquors as a beverage, or to immoderate use of stimulants or narcotics, or to unlawful acts or immoralities, or to venereal diseases, however contracted, or to the results thereof, or to urethritis, orchitis, epididymitis, stricture, or glandular swelling, or abscess in the groin, however caused, or to fighting, unless in self-defense against unprovoked assault, or other encounter, such as wrestling, scuffling, fooling and the like, or to injury received in any brawl, or in any liquor saloon, gambling house or other disreputable resort.

During disability coming under this Rule a member shall contribute for and be entitled to death benefit only.

47. Members shall not be entitled to benefits if they decline to permit the Medical Examiner to make or have made by any other physician, such examination as he may deem necessary to ascertain their condition when claiming disability.

Disabled members must take proper care of themselves and have proper treatment. Benefits will be discontinued to members who refuse or neglect to follow the recommendations of the Medical Officers.

DEATH BENEFITS

48. Payment in accordance with the conditions prescribed in the Rules upon the death of a member, as per schedule.

49. Death benefit, together with any unpaid disability benefits, shall be payable to the beneficiary of a deceased member upon proof of claim. A part of the death benefit, not to exceed \$100, may, at the discretion of the Manager, be paid before final settlement to meet funeral or other urgent expenses, incident to the death of a member.

50. If a member commits suicide before the end of the first year of his membership, the beneficiary shall, upon proof of claim, receive such amount only as such member has contributed for death benefit under the Rules at time of death, and such amount shall be in full satisfaction of all claims.

51. Claims for disability benefits must be made within thirty (30) days of the time such benefits accrue. Claims for death benefits must be made within two (2) years from the death of the member.

CONTROVERSY

52. In any controversy, claim, demand, suit-at-law, or other proceeding between any member, his beneficiary or legal representative, and the Benefit Association, the certificate of the Manager as to any facts appearing in the records of the Benefit Association, or of Swift & Company, or that any writing is a copy taken from said records, or of any instrument on file in said Benefit Association, or with Swift & Company, or that any action has or has not been taken by the Committee, or the Board of Directors, shall be *prima facie* evidence of the facts therein stated.

All questions or controversies of whatsoever character arising in any manner, or between any parties or persons, in connection with the Benefit Association or the operation thereof, whether as to any claim for benefits preferred by any member or his legal representative or his beneficiary or any other person, or whether as to the construction of language or meaning of the Rules, or as to any writing, decision, instruction or acts in connection with the operation of the Benefit Association, shall be submitted within sixty (60) days of the time of the decision from which an appeal is taken, to the Manager, whose decision shall be final and conclusive, unless an appeal from such decision shall be taken to the Committee within thirty (30) days after notice of such decision to the parties interested.

When an appeal is taken to the Committee it shall be heard by said Committee without further notice at their next stated meeting, or at such future meeting or time as they may designate, and shall be determined by a vote of the majority of a quorum, or of any other number not less than a quorum of the members present at such meeting, and the decision of the Committee shall be final and conclusive upon all parties, without exception or appeal.

DEED OF TRUST

THIS DEED OF TRUST, Made this First day of July, A. D. 1907, by and between EDWIN L. WARD, HENRY C. THOM, HORACE C. GARDNER, CHARLES O. YOUNG, FRANK S. HAYWARD, CHARLES A. PEACOCK, ROBERT C. McMANUS, ARTHUR D. WHITE, JOHN M. CHAPLIN, GEORGE A. COLLOM, ROBERT L. BURNS, THOMAS J. MCAFEE, RICHARD W. HOWES, HERBERT J. NELSON and DAVID H. GIFFORD, parties of the first part, and LOUIS F. SWIFT, EDWARD F. SWIFT, CHARLES H. SWIFT, D. EDWIN HARTWELL and EDWARD TILDEN, parties of the second part, all of the City of Chicago, County of Cook and State of Illinois, WITNESSETH:

WHEREAS, The said parties of the first part are desirous of providing for themselves and such other persons who shall become beneficiaries under this Deed of Trust, benefits in case of sickness, accident or death, and for that purpose are desirous of providing for the safe-keeping and management of all funds that may be obtained or contributed for said purposes; and,

WHEREAS, The said parties of the first part have requested the said parties of the second part to act as first trustees of the said funds which shall accrue hereunder for the purposes aforesaid; and,

WHEREAS, The parties of the second part have agreed to act as first trustees under this agreement, as hereinafter provided, for the purposes aforesaid; and,

WHEREAS, It is desired by this Deed of Trust to definitely state the terms of this Trust and the plan of providing for such benefits in case of sickness, accident or death;

NOW, THEREFORE, In consideration of the premises, it is agreed as follows:

FIRST. The purpose of this Deed of Trust is to provide for the establishment of a voluntary association, which shall be known as Swift & Company Employees Benefit Association, and also to provide for the custody, management and investment of the funds of said Association, and for the payment out of said funds of definite amounts to such persons as contribute thereto, and who shall be known as "Members of the Benefit Association," when, under the Rules of the said Association, they are entitled to such payment, by reason of disability, and also in the event of

the death of a member, for the payment of the amounts provided by the Rules of said Association to the person or persons designated by him, or the person legally entitled thereto.

SECOND. The funds of this Association shall consist of contributions from members and from all other sources and interest paid thereon.

THIRD. The general conduct of the business of said Association shall be under the direction of an Advisory Committee, which shall consist of fifteen (15) members, and after December 31, 1907, shall be made up as follows:

The Treasurer of Swift & Company, a corporation organized under the laws of the State of Illinois, shall be ex-officio a member and Chairman of said Committee.

The other members of the Advisory Committee shall be chosen annually, in November, to serve for one year from the first day of January, next succeeding, and until their successors shall be chosen and assume office.

Seven of said members shall be chosen by the Board of Directors of said Swift & Company, and the remaining seven by the employees who are members of the Benefit Association from among themselves, from such plants as shall be designated, from time to time, by the Advisory Committee.

FOURTH. The members of the Advisory Committee, chosen by the members of the Benefit Association, shall be elected by ballot, the vote being taken and certified by tellers of the different plants, designated by the Advisory Committee, and the polls shall be kept open for balloting during the business day at each plant.

FIFTH. For the year ending December 31st, 1907, the members of the Advisory Committee shall be as follows:

Laurence A. Carton, Chairman; Charles O. Young, Horace C. Gardner, Frank S. Hayward, George A. Collom, Henry C. Thom, Robert C. Manus, Richard W. Howes and Frank Stout, all of the City of Chicago, State of Illinois; Richard C. Annan, of the City of St. Joseph, State of Missouri; James Frank Cecil, of the City of Kansas City, State of Missouri; William McKinley, of the City of East St. Louis, State of Illinois; Peter T. Powers, of the City of Omaha, State of Nebraska; George Heimel, of the City of St. Paul, State of Minnesota, and John Brennan, of the City of Ft. Worth, State of Texas.

SIXTH. In the event of the termination of the service for Swift & Company, or of his membership in the Benefit Association, of any member of the Advisory Committee, his membership in the Advisory Committee shall thereupon cease.

Any vacancy among the members of the Advisory Committee, elected by the contributing employees, shall be filled by the member of the same packing plant at which the retiring member was employed at the date of his election, who shall have received the next highest number of votes to

the retiring member, and in the event that no one shall be eligible as aforesaid to fill such vacancy, a member from the same packing plant shall be designated by the President of said Swift & Company.

The President of said Swift & Company shall also fill any vacancy among the members of the Advisory Committee chosen by the Board of Directors of Swift & Company.

Each member of the Advisory Committee shall serve until his successor is chosen and takes office.

The Manager of the Association shall be Secretary of the Advisory Committee and shall have charge of its records.

SEVENTH. The Advisory Committee shall have general supervision over the operations of the Association, and shall see that it is conducted in accordance with the provisions of this Deed of Trust, and the Rules and Regulations adopted by said Committee.

A majority vote shall be necessary for the determination of the action of said Advisory Committee and it may make such rules and regulations, for the conduct of the business of the Association as it may see fit, not inconsistent with the provisions of this Deed of Trust.

EIGHTH. The Advisory Committee shall hold stated meetings quarterly at Chicago, on the second Thursday of January, April, July, and October, in each year, and shall meet at other times at the call of the Chairman thereof, and it shall be the duty of said Chairman to call a meeting at the written request of five members of the Advisory Committee.

NINTH. The Trustees of the Association shall appoint a Manager, who shall have charge of all business pertaining to the Association, and shall employ such clerks and other assistants as may be necessary, prescribe the forms and blanks to be used, certify all bills and pay-rolls, and furnish the Advisory Committee with such reports as they may require, decide all questions properly referred to him, and exercise such other authority as may be conferred on him by the Trustees or the Advisory Committee.

TENTH. The said Trustees may also appoint an Assistant Manager, who shall exercise all of the authority of the Manager in his absence, and shall at all times perform such other duties as may be assigned to him by the Trustees, Advisory Committee or the Manager.

ELEVENTH. The said Trustees shall also appoint a Medical Director, who shall, subject to the approval and control of the Manager, appoint Medical Examiners, assign them to locations, direct their work and have general supervision of the medical and surgical affairs of the Association. The Medical Director may, in the discretion of the said Trustees, be the same person as the Manager or Assistant Manager.

TWELFTH. Medical Examiners shall make the required physical examination of applicants for membership in the Association, prepare applications, report the condition of sick or injured members, decide

when members are disabled, and when they are ready for work, certify bills for surgical treatment, perform such other duties as may be required of them by the Medical Director, Manager or Advisory Committee, and conform to the Rules of the Association.

THIRTEENTH. No Trustee under this Deed of Trust nor any member of the Advisory Committee shall ever receive any compensation for his services as such Trustee or as such member of the Advisory Committee. This Section is, however, subject to the provision of Section Four of the agreement, "Exhibit A," hereto attached.

FOURTEENTH. In case of the death, resignation, permanent removal from Cook County, or inability to act as any of said Trustees, the Board of Directors of said Swift & Company shall choose a suitable person to fill the vacancy, and any substitute Trustee shall have the same power and authority and be subject to the same duties and liabilities as are provided in the case of the Trustees named in this Deed of Trust, and as if originally named as such herein, and the substitution of such Trustee shall be certified by the Chairman of the Advisory Committee of the Trust Company with which this Deed of Trust is deposited, and shall be effective from that time.

FIFTEENTH. The Trustees of the Association shall have full power and authority over all funds belonging to it, and, without incurring any personal liability, they may and are hereby authorized and directed to enter into an agreement with said Swift & Company providing for the handling of all funds by said Swift and Company; it being understood that said Swift & Company shall, in consideration therefor, be obligated to pay interest at such rate as shall be determined by the Trustees hereunder with the approval of the Advisory Committee, and until otherwise fixed by them at the rate of five per cent. per annum on all monthly balances in its hands; provide for the expenses of operating the Association and guarantee the payment of all benefits, as provided by the Rules of said Association, a copy of which is hereto attached and marked "Exhibit B," and made part hereof, and of any amendments thereof, certified by the Chairman of the Advisory Committee to the Trust Company with which this Deed of Trust is deposited.

No Trustee under this Deed of Trust shall be liable on account of any funds of the Association, except in case loss is due to his own fraudulent or wilful act or negligence.

SIXTEENTH. This Trust shall continue for the life of the last survivor of the parties of the first part and twenty-one (21) years thereafter, unless sooner legally terminated.

SEVENTEENTH. The fiscal year of the Association shall begin with the first day of January of each year, and at the close of each fiscal year the accounts of the Association shall be audited and the condition thereof reported by some competent person or persons selected for that purpose

by those members of the Advisory Committee chosen by the members of the Association.

EIGHTEENTH. Amendments to the Rules of the Association may be proposed to the Advisory Committee at any quarterly meeting by any member thereof; but such amendments shall not be acted upon until a subsequent meeting, and shall not be operative unless adopted by an affirmative vote of two-thirds of all members of the Committee and duly announced by the Manager, and any amendment so adopted, approved and announced shall be certified by the Chairman of the Advisory Committee and filed with the Trust Company with which this Deed of Trust is deposited, and shall be binding upon the members of the Benefit Association, and all persons claiming through or under them from the date specified in the announcement thereof. Until amended, as above provided, the Rules of said Association shall be as appear in "Exhibit B," hereto attached.

NINETEENTH. The Advisory Committee shall determine the requirements necessary for membership in the Association, and until otherwise provided by said Committee such membership shall be confined to employees of said Swift & Company; and the said Advisory Committee may divide the members of the Association into classes for the purpose of determining contributions and benefits, and may also provide for the transfer of a member from one class to another, and may also fix the amount of contributions required of members, the manner of collection thereof, and the amount of benefits to be paid, and make all other necessary provisions for the conduct of the business of the Association by the Manager and its other officers.

TWENTIETH. The said parties of the second part acknowledge receipt of contributions by parties of the first part as follows:

Edwin L. Ward.....	\$1.40
Henry C. Thom.....	1.40
Horace C. Gardner.....	1.40
Charles O. Young.....	1.40
Frank S. Hayward.....	1.40
Charles A. Peacock.....	1.40
Robert C. McManus.....	1.40
Arthur D. White.....	1.40
John M. Chaplin.....	1.40
George A. Collom.....	1.40
Robert L. Burns.....	.50
Thomas J. McAfee.....	1.40
Richard W. Howes.....	1.40
Herbert J. Nelson.....	.50
David H. Gifford.....	.45

Said contributions, together with all other contributions and receipts of

said Association, and the interest thereon and increment thereof, are or shall be deposited with said Swift & Company, in accordance with the provisions of the agreement hereinbefore authorized to be made by and between parties of the second part, and said Swift & Company.

TWENTY-FIRST. In case, for any reason, it shall be found desirable to make any change in this Deed of Trust, or any addition, supplement or amendment thereto, same shall be made only after having been proposed at a previous quarterly meeting of the Advisory Committee, and upon the affirmative vote of two-thirds of all members of said Committee, and, after the same has been ratified by the Board of Directors of the said Swift & Company, shall be certified by the Chairman of the Advisory Committee to the Trust Company with which this Deed of Trust is deposited and thereafter shall be as effective as if originally part hereof.

TWENTY-SECOND. In case, for any reason, it should be necessary to provide for the custody of any of the funds of the Association, other than with the said Swift & Company, then and in that event the said Trustees may deposit or invest the same in such safe and reliable manner and with such person or corporation or in such investment as they shall determine to be in the best interest of the Association, and their act in the premises shall be sufficient evidence of their authority, and it shall not be necessary for any person dealing with them to look beyond this Deed of Trust and the other papers relating to the Association deposited with the Trust Company holding this Deed of Trust.

TWENTY-THIRD. It is the intention hereof, and this Deed of Trust is executed on the express understanding, that wherever the name Swift & Company occurs in this instrument it shall also be held to include the successor or successors and assign or assigns of said Swift & Company, and they shall be substituted for said Swift & Company, as occasion may require, with like force and effect, to all intents and purposes, as if expressly named herein, and the "Board of Directors" of said Swift & Company, wherever used herein, shall likewise be held to include the Board of Directors of the successor or successors and assign or assigns of said Swift & Company.

IN WITNESS WHEREOF, The parties hereto have hereunto set their hands and seals, the day and year first above written.

EDWIN L. WARD	[Seal.]
HENRY C. THOM	[Seal.]
HORACE C. GARDNER	[Seal.]
CHARLES O. YOUNG	[Seal.]
FRANK S. HAYWARD	[Seal.]
CHARLES A. PEACOCK	[Seal.]
ROBERT C. McMANUS	[Seal.]
ARTHUR D. WHITE	[Seal.]
JOHN M. CHAPLIN	[Seal.]

GEORGE A. COLLOM	[Seal.]
ROBERT L. BURNS	[Seal.]
THOMAS J. McAFFEE	[Seal.]
RICHARD W. HOWES	[Seal.]
HERBERT J. NELSON	[Seal.]
DAVID H. GIFFORD	[Seal.]
LOUIS F. SWIFT	[Seal.]
EDWARD F. SWIFT	[Seal.]
CHARLES H. SWIFT	[Seal.]
D. EDWIN HARTWELL	[Seal.]
EDWARD TILDEN.	[Seal.]

AGREEMENT

THIS AGREEMENT, Made and entered into by and between LOUIS F. SWIFT, EDWARD F. SWIFT, CHARLES H. SWIFT, D. EDWIN HARTWELL, and EDWARD TILDEN, as Trustees of Swift & Company Employees Benefit Association, under a Deed of Trust, dated July 1, 1907, parties of the first part, and SWIFT & COMPANY, an Illinois corporation, party of the second part, WITNESSETH:

WHEREAS, Under and by virtue of the said Deed of Trust, the said parties of the first part have been authorized to enter into an agreement with party of the second part, relating to the funds of said Association, a copy of which Deed of Trust is hereunto attached, marked "Exhibit A," and made part hereof, and,

WHEREAS, The said party of the second part is interested in furthering the purposes of the said Association, and is willing to accept the custody of its funds, as hereinafter provided, and pay interest thereon and provide for its expenses and guarantee payment of its benefits.

Now, THEREFORE, In consideration of the premises, the said parties agree and bind themselves as follows:

1. Said parties of the first part hereby authorize and request party of the second part to deduct from its pay-rolls out of wages due its employees who are members of said Association, the amounts, from time to time, due from said members for the purpose of making contributions required to be made by them under the Rules of said Association, and the amounts so collected shall be held by party of the second part under the provisions of this agreement.

2. Party of the second part agrees to pay out of such funds all benefits required to be paid by said Association, upon order of the said Trustees or the Manager of said Association.

3. Party of the second part also agrees to allow interest at such rate as shall be determined by the parties of the first part, with the approval of the Advisory Committee, and until otherwise fixed by them at the rate of five per cent. per annum on all monthly balances of said Association and also to provide for the operating expenses of said Association,

and hereby agrees to make good any deficiency in the funds of said Association to meet its obligations to members.

4. Party of the second part agrees to continue the pay or wages or to reimburse all members of the Advisory Committee, for their time while engaged on business of the Association, or traveling to or from meetings of the Advisory Committee of the Association, and their expenses during such time shall be included in the operating expenses of the Association, which the party of the second part agrees herein to assume and pay.

THIS AGREEMENT shall extend to and be binding upon the successors and assigns of the respective parties.

WITNESS the hands of said parties of the first part and the said party of the second part, by its duly authorized President, attested by its Secretary and corporate seal, the first day of July, A. D. 1907.

{ Seal of
Swift & Company }

LOUIS F. SWIFT

EDWARD F. SWIFT

CHARLES H. SWIFT

D. EDWIN HARTWELL

EDWARD TILDEN

SWIFT & COMPANY

By LOUIS F. SWIFT, President

Attest:

D. E. HARTWELL, Secretary.

SWIFT & COMPANY EMPLOYEES BENEFIT ASSOCIATION

SCHEDULE OF CONTRIBUTIONS FOR MEMBERS UNDER 45 YEARS OF AGE

Members 45 years of age and over may enter on this schedule if they have been in the employ of Swift & Company continuously from December 31st, 1906, to date of entry and avail themselves of this privilege on or before December 31, 1907

Weekly Pay of Employees Governing Highest Class They May Enter	Number of Class	Weekly Contribution	Weekly Accident and Sick Benefit	Benefit in Case of Death	Total Loss of Sight of One Eye, or Loss of One Hand at Wrist, or One Foot at Ankle	Total Loss of Sight of Both Eyes, or Loss of Both Hands at Wrist, or Both Feet at Ankle, or of One Hand and One Foot
\$13.50 and under	1	\$0.15	\$ 3.00	\$ 200.00	\$ 400.00	\$ 800.00
	2	.20	3.00	400.00	400.00	800.00
	3	.30	4.50	600.00	600.00	1,200.00
	4	.30	6.00	400.00	400.00	800.00
	5	.40	6.00	800.00	800.00	1,600.00
Over \$13.50 and not over \$18.00..	6	.50	9.00	800.00	800.00	1,600.00
Over \$18.00 and not over \$30.00.....	7	.75	13.50	1,200.00	1,200.00	2,400.00
Over \$30.00.....	8	1.00	18.00	1,600.00	1,600.00	3,200.00

Additional death benefits (as allowed by rules), five cents per week for each \$200.

Members who have left the service and contribute for death benefit only, 5 cents per week for each \$200.

Weekly accident benefit for 104 weeks and reasonable bill for surgical attention.

Weekly sick benefit after the first six (6) working days for 52 weeks and half-weekly benefit for additional 52 weeks.

SCHEDULE OF CONTRIBUTIONS FOR MEMBERS 45 YEARS OF AGE
AND OVER AS FOLLOWS:

Members joining between the ages of 45 and 50 years—one and one-half times above contributions.

Members joining between the ages of 50 and 55 years—one and four-fifths times above contributions.

Members joining between the ages of 55 and 60 years—two and three tenths times above contributions.

APPENDIX H

EMPLOYEES' BENEFIT ASSOCIATION, INTERNATIONAL HARVESTER COMPANY

OBJECT

1. The object of the Benefit Association is to provide its members with a certain income when sick, or when disabled by accident, either on or off duty, and to pay to their families certain definite sums in case of death; to create and maintain a fund which shall belong to the employees, be used in payment of benefits to them, and cost them the least money possible considering the benefits received.

ORGANIZATION

2. International Harvester Company, International Harvester Company of America, and subsidiary companies, have associated themselves with such of their employees as may join the same in the formation of this Benefit Association.

3. The Benefit Association is in the executive charge of a Board of Trustees consisting of members representing the plants and departments of the International Harvester Company, the International Harvester Company of America, and subsidiary companies, and a Superintendent.

The headquarters of the Superintendent will be at the general office of the Company in Chicago.

4. In these regulations, unless otherwise qualified, the titles "Company," "President," "General Manager" and "Board of Directors" will be understood as meaning the International Harvester Company, the President, General Manager, and the Board of Directors of that Company. The titles, or terms, "Board of Trustees," "Superintendent," and "Medical Examiner," will be understood as meaning Board of Trustees, Superintendent, and Medical Examiner of the Employees' Benefit Association. The term "Fund" will be understood as applying to the Employees' Benefit Association.

5. The Benefit Fund will consist of contributions from members of the association, income or profit from investments, gifts or legacies to the Fund, and such contributions as may be made by the Company from time to time.

COMPANY'S CONTRIBUTION

6. At the end of each year, if the average membership in the Benefit Association during that year has equalled 50 per cent. of the average total number of employees in the companies' manufacturing plants, the company will contribute \$25,000 to the fund, and if such average membership has equalled 75 per cent. of such total number of employees, the Company will contribute \$50,000 to the fund. The Company agrees to temporarily advance funds when necessary for payment of benefits at due rate; to guarantee the safety of the fund and to pay semi-annual interest on the average balances at four per cent.

HANDLING OF FUND

7. The contributions from members shall be used only for the payment of benefits due to members of the Association, and the expenses of administration. If a surplus shall accumulate it shall remain under the control of the members of the Association, through their representatives on the Board of Trustees, and if a deficit arise the Company will make temporary advances to pay same.

BOARD OF TRUSTEES

8. There shall be a Board of Trustees of thirty members to be chosen annually in December, to serve for one year from the first day of January next succeeding, and until their successors shall take office, as follows:

One half shall be chosen by the employees who are members of the Association; one representative to be chosen by employees from each Works, including the Works of subsidiary and affiliated companies and the field force of the Sales and Collection Departments of the International Harvester Company of America.

An equal number shall be chosen by the Board of Directors of the Company.

The President shall be ex officio a member and chairman of the Board of Trustees, and entitled to vote. He shall have the power to appoint a temporary chairman to serve in his absence.

The number of Trustees may be increased or decreased after the first year by a majority vote of the Trustees, but at all times one-half shall be elected by the employees and one-half appointed by the Company.

a) *Quorum*.—A majority of the Board of Trustees shall constitute a quorum for the transaction of business.

b) Election.—The members of the Board of Trustees chosen by the members of the Benefit Association shall be elected by ballot, from the respective Works or Operating Departments, on the first Monday in December. Each member of the Benefit Association shall be entitled to cast one vote, and the votes shall be taken and certified under oath by tellers selected by the Trustees.

c) Trustees for First Quarter.—The first Board of Trustees to serve to January 1, 1909, shall be appointed by the President or General Manager.

d) Termination of Membership.—In the event of termination of service of any member of the Board of Trustees, his membership in the Board shall thereupon terminate.

e) Vacancies.—Any vacancy among the members of the Board of Trustees elected by the employees shall be filled by special election at the same Works or Operating Department.

Any vacancy among the members chosen by the Board of Directors shall be filled by appointment of the President or General Manager.

f) Secretary.—The Superintendent of the Association shall be Secretary of the Board. He shall have no vote.

g) Duties of Board of Trustees.—The Board of Trustees shall appoint and have general supervision over the Superintendent, and of the operations of the Association, and see that they are conducted in accordance with its regulations.

h) Meetings.—The Trustees shall hold stated meetings, quarterly, on the second Thursdays of January, April, July, and October, at the general office of the Company, Chicago, and shall meet at other times at the call of the Chairman.

i) Special Meetings.—It shall be the duty of the Chairman to call special meetings of the Trustees upon the written request of seven of its members.

j) Traveling Expenses.—The necessary traveling expenses of Trustees, actually incurred, and pay or wages of such members for the time engaged in traveling to or from meetings of the Board and attending same, shall be paid by the Company.

ANNUAL REPORTS

9. The fiscal year of the Association shall begin with the first day of January of each year.

The first fiscal year shall be from September 1, 1908, to January 1, 1910.

The condition of the Fund at the close of each year shall be audited and reported on by a competent person or persons selected for that purpose by the Trustees elected by the members of the Association.

A detailed report, including all receipts and disbursements, shall be printed annually, and members may procure copies on application.

The books shall be open at all times to members.

SUPERINTENDENT

10. The Superintendent of the Benefit Association shall be appointed by the Trustees.

Under the direction of the Board, he shall have charge of all business of the Association; employ necessary clerks and other assistants; prescribe the forms and blanks to be used; certify all bills and pay-rolls; sign all orders for payments of benefits, furnish to the Board such reports as they may require, and decide all questions properly referred to him.

He shall have authority to appoint physicians, medical examiners, and visiting nurses, and shall have general supervision of all medical and surgical affairs of the Association.

MEDICAL EXAMINERS

11. The medical examiners shall make the required physical examination of applicants for membership in the Benefit Association, prepare applications, report the condition of sick or injured members, decide when members are disabled and when they are able to work, whether any disability shall be considered a relapse or original disability and whether cause of disability shall be classed as due to sickness or accident, certify bills for surgical and hospital treatment, and perform such other duties as may be required of them by the Superintendent. The medical examiner and physician may be one and the same person.

MEMBERSHIP

12. All employees of the International Harvester Company, International Harvester Company of America, and subsidiary companies who apply for membership and conform to the regulations, shall be members of the Association.

13. *Eligibility.*—(a) Any employee in service on or before Sep-

tember 20, 1908, may become a member of the Association without medical examination and without age limit at any time prior to January 1, 1909.

b) Thereafter, any employee not over forty-five years of age may, upon passing a satisfactory medical examination, and upon approval of his application by the Superintendent, become a member.

c) Further, any employee who enters the service after September 20, 1908, and is over forty-five years of age, may, upon passing a satisfactory medical examination, and upon approval of his application by the Superintendent, become a member under the same regulations, except that the death benefit in such case shall be only \$100.

14. *Temporary Lay-off*.—Any member who is temporarily relieved from service for a period not exceeding ninety days may retain his membership during such absence by paying his contributions each month in advance, the amount of contributions during such absence to be based upon previous two months' average contributions.

15. *Leaving Service*.—When a member resigns from the service or leaves the service without notice, or absents himself without notice (unless he afterwards gives reasons satisfactory to the Superintendent), or is discharged, or is laid off for a period longer than ninety days,—his membership in the Association shall terminate with his employment, and he shall not thereafter be entitled to any benefits except for disability beginning and reported before such termination of employment and continuing without interruption.

Any employee leaving the service, who has been a member of the Benefit Association for one year, may continue his membership in respect only of the minimum death benefit which he has held during the last year of employment, or of any smaller amount, upon making supplementary application therefor before termination of employment or within five days thereafter.

16. *Reinstatements*.—Any member paying full contributions during temporary leave of absence may be reinstated within ninety days without physical examination.

If any member contributing for death benefits only is re-employed, he shall resume full membership upon passing a satisfactory physical examination.

APPLICATIONS

17. Membership in the Benefit Association shall be based upon an application in the following form:

APPLICATION FOR MEMBERSHIP IN EMPLOYEES' BENEFIT
ASSOCIATION OF INTERNATIONAL HARVESTER
COMPANY

No.

Dept. or

Works

To the Superintendent of Employees' Benefit Association of International Harvester Company:

I
being.....years of age, and residing at No.....
.....Street, in the City of,.....
in the County of....., and State of.....
now employed by
.....

do hereby apply for membership in said Employees' Benefit Association, and agree to be bound by the regulations of said Association, a copy of which has been by me received, and by any other regulations of said Benefit Association hereafter adopted and in force during my membership.

I also agree, request and direct that said Company, by its proper agents, and in the manner provided for in such rules, shall, during the continuance of my employment, apply as a voluntary contribution from any wages earned by me under said employment two (2) per cent. of my wages for the purpose of securing the benefits provided in the regulations for a member of said Association.

Unless I shall hereafter otherwise designate in writing, with the approval of the Superintendent of the Benefit Association, death benefits shall be payable to my wife (husband), if I am married at the time of my death; or, if I have no wife (husband) living, then to my children, collectively, each to be entitled to an equal share, including as entitled to the parent's share the children of any dead child; or if there be no children or children's children living, then to.....
if living, and if not living, to my father and mother jointly, or the survivor; or if neither be living, then to my next of kin, payment in behalf of such next of kin to be made to my legal representative; or, if there be no such next kin, or if proper claim is not made to the Superintendent within one year from the date of my death, the death benefit shall lapse, and the amount thereof shall become and remain a part of the Benefit Fund.

I also agree, for myself and those claiming through me, to be governed by the regulations providing for final and conclusive settlement of all claims for benefits or controversies of whatever nature, by reference to the Superintendent of the Benefit Association, and an appeal from his decision to the Board of Trustees.

I also agree that any untrue or fraudulent statement made by me to

the Medical Examiner, or any concealment of facts in this application, or any attempt on my part to defraud or impose upon said Benefit Association, or my resigning from or leaving the service of said International Harvester Company, International Harvester Company of America, or subsidiary company, or my being relieved or discharged therefrom, shall forfeit my membership in the said Benefit Association, and all rights, benefits and equities arising therefrom, except that such termination of my employment shall not (in the absence of any of the other foregoing causes of forfeiture) deprive me of any benefits to the payment of which I may be entitled by reason of disability beginning and reported before and continuing without interruption to and after such termination of my employment, nor of the right to continue my membership in respect of death benefit only, as provided in said rules.

I certify that I am correct and temperate in my habits; that, so far as I know, I am now in good health, and have no injury or disease, constitutional or otherwise, except as shown in the accompanying statement made by me to the Medical Examiner, which statement shall constitute a part of this application.

In witness whereof I have signed my name hereto at.....
....., in the County of.....
State of....., this.....day of.....
A. D. 190...; this application to take effect on such date as may be designated by said Superintendent.

..... *Signature of Applicant.*

Witness:.....
The foregoing application is approved at the office of the Superintendent of the Employees' Benefit Association, International Harvester Co., at Chicago, Illinois, this.....day of.....
A. D. 190...; to take effect the.....day of.....
..... A. D. 190..

..... *Superintendent of Employees' Benefit Association.*

Applications shall take effect on the date when approved by the Superintendent, and a Certificate of Membership shall be issued.

NOTE—For employees who are not required to pass a medical examination upon application, part of clause A and part of clause B referring to medical examination will be waived.

18. *Physical Defects.*—If any applicant for membership has physical defects which would prevent the approval of his application if presented unconditionally, his application may nevertheless be approved; provided that he executes an agreement in writing, satisfactory to the Superintendent, to the effect that he shall not be entitled

under his membership to any benefits for disability caused by, arising from, or growing out of such defects; such agreement to be attached to and to be made a part of his said application, and such modification of the prescribed forms of application is hereby authorized.

CONTRIBUTIONS

19. The word "Contribution" wherever used in these rules shall be held and construed to mean such designated portion of the wages payable by the Company to an employee as he shall have agreed in his application that the Company shall apply for the purpose of securing to him the benefits of the Benefit Association, or such cash payments as it may be necessary for a member to make for said purpose.

20. *Contributions from Wages—Due Dates.*—Contributions for any month will be due on the 1st and the 15th of that month, and will ordinarily be deducted from the member's wages due on these dates, or on regular pay-days at each Works.

The contributions shall be 2 per cent. of the wages received by the employee.

If any member's contribution is omitted from the pay-roll in error, the fact that such deduction has not been made shall not debar him or his beneficiary from benefits to which they would otherwise be entitled, and contribution shall be deducted from next pay-roll.

21. *Cash Payment of Contributions.*—When a member has no wages on the pay-roll, any contributions due from him must be paid in cash, in advance, to the Superintendent, otherwise he will be in arrears.

A member contributing for death benefits only shall make such cash payments direct to the Superintendent.

22. *Amount of Contribution for Death Benefit Only.*—Members who have left the service of the Company and retain their membership for death benefits as herein provided, shall contribute ten cents per month, in advance, for each one hundred dollars of death benefit, on the basis of last year's salary, but not more than \$2,000.

23. *Contributions During Disability.*—Members shall not make contributions for any time when declared disabled by the Medical Examiner, except as provided in the regulations. When full wages are paid the usual contribution shall be made.

24. *Arrears.*—When a member is in arrears he shall be entitled to no benefits, and if in arrears two months his right to reinstatement without physical examination shall cease without notice.

25. *Maximum Benefits.*—No member shall be allowed to con-

tribute or receive benefits on the basis of more than \$2,000 annual compensation, but if his salary exceeds said amount, his contributions and benefits shall be calculated on said sum.

BENEFITS

26. The following benefits shall be paid to members or beneficiaries entitled thereto, in accordance with the provisions of the regulations:

27. *Sickness Benefit.*—(a) Payment for each day, except for the first seven days of disability classed as due to sickness, for a period not longer than fifty-two weeks, at one-half of member's average wage, on basis of last sixty days. A relapse shall be considered part of the disability in computing term of disability.

b) *Establishing Claims for Sickness Benefit.*—To establish a claim for sickness benefits there must be positive evidence of acute or constitutional disease sufficient to cause disability.

c) *Causes of Disability which Shall Be Classed as Due to Sickness.*—Disability resulting from infection of a cut, abrasion, scratch, puncture, or other wound, or from any injury, not immediately disabling, and not reported at the time of the occurrence of the accident causing the injury, or from poison, however taken into or acting upon the body, or from any overdose of medicine or drug taken by mistake, or from surgical operation necessary for the removal of some defect which would otherwise probably produce disability, or from sunstroke, or frostbite, shall be classed as due to sickness.

28. *Accident Benefits.*—(a) Payment for each day or part of day of disability classed as due to accident (either when at work or off duty), for a period of not longer than fifty-two weeks, at one-half of member's average pay, on basis of last sixty days' wages.

b) *Establishing Claims for Accident Benefits.*—To establish a claim for accident benefits the accident must be reported immediately upon its occurrence, and there must be external, positive and visible evidence of physical injury by accident sufficient to cause immediate disability. In cases of alleged sprain, strain, wrench, and the like, where physical proof of disabling injury is lacking, the member must furnish substantial history, satisfactory to the Superintendent, of violence accidentally inflicted sufficient and liable to cause disabling injury, otherwise accident benefits will not be allowed.

29. *Benefits after Termination of Service.*—A member entitled to benefits for time after termination of service shall not be entitled to benefits on account of sickness beginning or injury occurring during

such time, nor on account of death occurring in such time, unless directly due to the sickness and injury and occurring during the disability existing at the time of such termination of service, or unless he continues his membership in respect to death benefit only, in accordance with the foregoing.

SPECIAL BENEFITS IN CASE OF SERIOUS ACCIDENT

30. *Feet and Hands.*—If a member receives accidental injuries producing the immediate severing of, or necessitating, in the opinion of a Medical Examiner of the Association, the amputation of a hand or foot at or above the wrist or ankle, he shall receive a total amount equal to one year's average wages.

In case of loss of both hands or both feet, or of one hand and one foot, he shall receive twice the above benefits, or a total amount equivalent to two years' average wages.

31. *Eyes.*—If a member receives accidental injuries resulting in the total and irrecoverable loss of sight of one eye, he shall receive a total amount equal to one-half his average yearly wage.

For the total and irrecoverable loss of the sight of both eyes, he shall receive the total amount of two years' average wages.

32. *Lump Settlements.*—In case of any grave injury or chronic sickness where the member desires to accept a lump sum in lieu of the benefits which might become due to him or on his account, and in full of all obligations of the Benefit Association arising from his membership, the Superintendent shall have authority to make full and final settlement with such member on such terms as may be agreed upon in writing. All such settlements shall be reported to the Trustees at its next meeting.

33. *Limitations.*—No member shall be entitled to disability benefits from the Association and a pension from the Company at the same time, but he may retain his membership for death benefit without regard to pension.

No member shall be entitled to receive benefits from sickness and accident disability at the same time.

34. *Relapse.*—In case of relapse in sickness disability occurring within two weeks, or a succession of sickness disability upon an accident, which lasted one week or more, the first seven days shall not be deducted in computing time of sick benefits; and where such immediately preceding accident disability lasted six days or less, the number of days to be deducted shall be seven, less the number of days of such accident disability.

35. *Payments.*—Benefits on account of continued disability will be paid semi-monthly.

Benefits for short periods of disability will be paid as soon as the amount due can be determined.

Benefits shall be paid only to the disabled member, or in accordance with his written order when approved by the Superintendent, or to his legal representative.

Benefits shall be paid in conformity with the financial methods of the Company on orders drawn by the Superintendent, upon his receiving such documents respecting claims as may be required by him.

DEATH BENEFITS

36. *Death from Sickness.*—Payment, in case of death classed as due to sickness, of an amount equal to one year's average wages.

37. *Death from Accident.*—Payment, in case of death classed as due to accident, of an amount equivalent to two years' average wages.

38. *Establishing Claims for Death Benefits.*—Claims for death benefits must be made within sixty days after the death of the member. To establish a claim for accident death benefit there must be external, positive, and visible evidence of physical injury by accident sufficient to cause death; death due to other causes shall be classed as due to sickness.

39. *Payment of Death Benefits.*—Death benefits, together with any unpaid disability benefit, shall be payable to the beneficiary of a deceased member upon proof of claim.

A part of the death benefit (not to exceed one hundred dollars) may, at the discretion of the Superintendent, be paid before final settlement, to meet funeral or other urgent expenses incident to the death of a member.

40. *Suicide.*—If a member commits suicide before the end of the first year of his membership the beneficiary shall receive in full satisfaction of all claims only such amount as the member has contributed for death benefits.

DISABILITY

41. Wherever the word "Disability" is used in these regulations, it shall be held to mean physical inability to work, by reason of sickness or accidental injury, and the word "Disabled" shall apply to members thus physically unable to work.

42. *The Decision* as to when members are disabled and when they are able to work shall rest with the Medical Examiner of the Asso-

ciation, and his decision shall be final and binding upon the member, subject to the provisions of the regulations.

43. *Notification.*—When a Works member becomes disabled, he shall notify his timekeeper immediately or cause him to be notified; other employees shall notify their superior officers. In reporting disability, the member shall give his house address. If he fails to give notice until he recovers, he shall not be entitled to benefits unless he proves his disability to the satisfaction of the Superintendent and gives satisfactory reason for failure to give notice. If he gives notice during disability, but delays in so doing, he shall not be considered disabled before the day on which notice is given, unless he proves his disability before that day to the satisfaction of the Superintendent and gives satisfactory reason for delay in giving notice.

If a member becomes disabled when away from home, whether on business for his employer or on leave of absence, he shall not be entitled to benefits unless he reports his disability immediately and proves it to the satisfaction of the Superintendent.

44. *Reports.*—When a member becomes disabled, he shall also, unless unable on account of his disability, report immediately to the Medical Examiner, at his office, during business hours. A disabled member not confined to the house by his disability shall also report at the Medical Examiner's office from time to time as requested, and keep any other appointments made by the Examiner. Members who avoid the Medical Examiner or neglect to report or keep appointments shall not be entitled to benefits.

If a member who has been reported as able to work by the Medical Examiner is not able to work on the day set, he shall immediately notify his timekeeper, and the Medical Examiner, and report to the latter in person if possible; otherwise he shall not be considered disabled after the day set for his return to work.

45. *Absence.*—When a disabled member wishes to leave home, he shall obtain from the Medical Examiner written approval of absence for a specific time, shall furnish him satisfactory proof of disability, while absent, and report immediately to him on his return, otherwise he shall not receive benefits while absent.

46. *No Benefits When Disability Is Due to Intoxication, etc.*—Benefits shall not be payable for disability directly, indirectly or partly due to intoxication, or the use of alcoholic liquors as a beverage, or to immoderate use of stimulants or narcotics, or to unlawful acts or immoralities, or to venereal diseases, however contracted, or

to the results thereof, or to urethritis, orchitis, epididymitis, stricture, or glandular swelling or abscess in the groin, however caused, or to fighting, unless in self-defense against unprovoked assault, or to other encounter, such as wrestling, scuffling, fooling, and the like, or to injury received in any brawl, or in any liquor saloon, gambling house or other disreputable resort.

During any such disability coming under this rule a member may contribute for and be entitled to DEATH BENEFITS ONLY.

EXAMINATION

47. Members shall not be entitled to benefits if they decline to permit the Medical Examiner to make or have made by any other physician such examination as he may deem necessary to ascertain their condition when claiming disability.

Disabled members must take proper care of themselves and have proper treatment. Benefits will be discontinued to members who refuse or neglect to follow the recommendations of the Medical Examiner.

CONTROVERSY

48. *Evidence.*—In any controversy, claim, demand, suit-at-law, or other proceeding between any member, his beneficiary or legal representative, and the Benefit Association, the certificate of the Superintendent as to any facts appearing in the records of the Benefit Association, or of International Harvester Company, International Harvester Company of America, or subsidiary company, or that any writing is a copy taken from said records, or of any instrument on file in said Benefit Association, or with International Harvester Company, International Harvester Company of America, or subsidiary company, or that any action has or has not been taken by the Board of Trustees, or the Board of Directors, shall be *prima-facie* evidence of the facts therein certified.

49. *Appeal.*—All questions or controversies of whatsoever character, arising in any manner, or between any parties or persons, in connection with the Benefit Association or the operation thereof, whether as to any claim for benefits preferred by any member or his legal representative or his beneficiary, or any other person, or whether as to the construction of language or meaning of the rules, or as to any writing, decision, instruction or acts in connection with the operation of the Benefit Association, shall be submitted within sixty (60) days of the time of the decision from which an appeal is taken.

to the Superintendent, whose decision shall be final and conclusive, unless an appeal in writing from such decision shall be taken to the Board of Trustees within thirty (30) days after notice of such decision to the parties interested.

50. *Hearing.*—When an appeal is taken to the Board of Trustees it shall be heard by the Trustees without further notice, at their next stated meeting, or at such future meeting or time as they may designate, and shall be determined by a vote of the majority of the members present at such meeting, and the decision of the Trustees shall be final and conclusive upon all parties, without exception or appeal.

AMENDMENTS

51. Amendments to the regulations of the Benefit Association may be proposed to the Trustees at any quarterly meeting by any member of the Board. Amendments so proposed may be acted upon only at a subsequent meeting, except by unanimous consent.

No amendment shall be operative unless adopted by the affirmative vote of two-thirds of all the Trustees.

Any amendment so adopted shall be binding upon the Company and the members of the Benefit Association and all persons claiming through them, from the date specified in the announcement thereof.

PENSION SYSTEM OF INTERNATIONAL HARVESTER COMPANY AND SUBSIDIARY COMPANIES

The Board of Directors, after careful consideration of the subject and an examination of the various pension systems now in operation, have approved the following plan as the best and most liberal for employees who by long and faithful service have earned an honorable retirement.

The Directors establish this Pension Fund as an evidence of their appreciation of the fidelity, efficiency, and loyalty of the employees.

In the administration of this pension system are associated International Harvester Company, International Harvester Company of America, and subsidiary companies.

PENSION BOARD

1. *Administration.*—The administration of the pension fund shall be in charge of a Pension Board consisting of five members who shall all be officers or employees of this Company or of affiliated or subsidiary companies, and shall be appointed annually by the Board of Directors of this Company, to serve for one year and until their successors are appointed and shall qualify.

2. *Officers.*—The Pension Board shall elect a Chairman and a Secretary from among its members, and the Treasurer of this Company shall be ex-officio Treasurer of the Fund. The Board may make and enforce rules for the efficient administration of the pension fund, subject to the approval of the Board of Directors. The Pension Board shall control the payment of pension allowances under the rules hereinafter stated.

3. *Quorum.*—A majority of the Pension Board shall constitute a quorum for all purposes.

4. *Representation.*—The members of the Board shall be so chosen that the principal departments of the business shall have representation.

PENSION FUND

5. The Treasurer of the Company shall be the custodian and Treasurer of the fund, and additions shall be made to said fund yearly or from time to time according to the aggregate pension allowances and the amount available in the pension fund for payment of the same. Should the aggregate pension allowances exceed \$100,000 in any one year, then unless the Board of Directors increases the yearly amount usable for pensions, a new rate shall be established proportionately reducing all allowances.

Payments from this fund shall only be made in accordance with and by direction of the Pension Board.

ELIGIBILITY

6. The Pension Board may authorize the payment of a pension to any retired employee on the following basis:

a) All employees of this Company and of subsidiary and affiliated companies, engaged in any capacity, are eligible to pensions as hereinafter stated.

b) All male employees who shall have reached the age of sixty-five years, and have been twenty or more years in the service, may, at their own request, or at the discretion of the Pension Board, be retired from active service and become eligible to a pension.

c) All male employees who have been twenty or more years in the service shall be retired at the age of seventy years on the first day of the calendar month following that in which they shall have attained said age, unless at the discretion of the Pension Board some later date be fixed for such retirement. Persons occupying executive positions are exempt from maximum age limit.

d) All female employees who shall have reached the age of fifty years and have been twenty or more years in the service, may at their own request, or at the discretion of the Pension Board, be retired from active service and become eligible to a pension.

e) All female employees shall be retired at the age of sixty years, on the first day of the calendar month following that in which they shall have attained the age, unless at the discretion of the Pension Board, a later date be fixed for such retirement. Persons occupying executive positions are exempt from maximum age limit.

DEFINITIONS

7. The terms "service" and "in the "service" apply to all employees of the International Harvester Company, or of any affiliated or subsidiary companies which are now or may hereafter be owned or controlled by it, and of the International Harvester Company of America, who have received a stated and regular compensation from any of said companies. The term of service shall be reckoned from the date of commencing with the original company whose property and business shall have become those of the International Harvester Company, or any subsidiary companies, or of the International Harvester Company of America.

8. *Temporary Absence.*—A temporary lay-off on account of illness or of reduction of force is not to be considered as a break in the continuity of service, but when such absence exceeds six consecutive months it shall be deducted in computing the length of active service.

9. *Leaving Service.*—If a person, after leaving the service for more than two years, shall be re-employed, he shall be considered in his relation to the pension system as a new employee.

PENSION ALLOWANCES AND CONDITIONS

10. *Amount.*—The sums which the Board of Pensions may authorize to be paid monthly to employees retired at the age limit shall be as follows: For each year of active service an allowance of one per cent. of the average annual pay during the ten years next preceding retirement; but no pension shall exceed \$100 per month, or be less than 18 per month.

11. *Payment.*—(a) Pension allowances shall be paid on the first of each month from the date of retirement until the death of employee.

b) At the discretion of the Pension Board these allowances may be continued to widows and orphans of a pensioner for a limited period.

c) Pension allowances shall be non-assignable, and an attempted transfer or pledge of the same shall not be recognized by the Pension Board and may in its discretion work a forfeiture thereof.

d) Pension allowances may be suspended or terminated by the Pension Board in cases of gross misconduct, or of any violation of the Rules, or, at its discretion, may be paid to some member of the family.

e) The acceptance of the pension shall not debar any retired employee from engaging in any other business which in the judgment of the Pension Board is not prejudicial to the interests of this Company or of any affiliated or subsidiary company, but he cannot re-enter service.

f) No payments for pensions shall be approved by the Pension Board until payments from any relief fund operated by this Company, or any affiliated or subsidiary company, shall cease.

PENSIONS—HOW COMPUTED

12. The amount of pensions granted on account of advanced age will depend, as before stated, on two conditions: the number of years the person has served the Company, and the amount of his average wages per year for the ten years next preceding retirement. Thus, for illustration, if the average pay per year for the last ten years of active service equals \$600, and if the service has been continuous for twenty-five years, the pension would be 25 per cent. of \$600, or \$150 per year, or \$12.50 per month. Since the minimum pension has been fixed at \$18 per month, then to this regular percentage \$5.50 would be added, making the minimum sum of \$18.

In special cases where the term of service is less than twenty years, the pension and the amount of same, if any, will be determined solely at the discretion of the Board of Pensions.

Department Heads are expected to keep informed of the whereabouts and physical condition of former employees receiving pensions, and are required to advise the Secretary of the Board of Pensions of the death of the pensioner, and of any other circumstances which would affect his monthly payment.

A physical examination by a Company surgeon, or in case of female employees, by a surgeon approved by the Board of Pensions, will be required of employees who wish to be retired on a pension allowance because of incapacity.

HOW TO SECURE A PENSION

13. An employee wishing to apply for a pension should first take up the subject with the Superintendent at the Works where he is employed, or the head of the department in which he is serving, or with a member of the Pension Board. A form will then be furnished, which must be filled out and signed, giving the necessary information concerning the applicant's age, length of service and wages. This formal application must be signed by the Works Superintendent, or head of department employing applicant, and then sent to the Secretary of the Pension Board at his office.

NO CONTRACTUAL RIGHTS CONFERRED

14. Neither the establishment of this system nor the granting of a pension, nor any other action now or hereafter taken by the Pension Board, or by the Officers of this Company, shall be held or construed as creating a contract, or giving to any officer, agent or employee a right to be retained in the service, or any right to any pension allowance and the Company expressly reserves, unaffected hereby, its right to discharge without liability, other than for salary or wages due and unpaid, any employee, whenever the interests of the Company may in its judgment so require.

APPENDIX J

MODEL CONSTITUTION AND BY-LAWS FOR MUTUAL BENEFIT ASSOCIATIONS

CONSTITUTION¹

ARTICLE I

SECTION 1. This association shall be known as the —— Mutual Benefit Association.

ARTICLE II

SECTION 1. The object of this association shall be the relief of its members in case of sickness, injury or disability which may unfit them for their daily labor and the provision of funeral benefits in case of death.

ARTICLE III

SECTION 1. The regular meetings of this association shall be held semi-annually on the second Tuesday in June and December. Notice shall be posted in some prominent place in the works of the company at least three days before the meeting.

SEC. 2. Fifteen members shall constitute a quorum for the transaction of business.

ARTICLE IV

SECTION 1. The officers of this association shall be a President, a Vice-President, a Secretary, a Treasurer, and a Board of Directors consisting of the President, Vice-President, Secretary, and six elected members, a majority constituting a quorum for the transaction of business.

SEC. 2. The President, Vice-President, Secretary, and Treasurer shall be elected to serve one year. The first year that this goes into effect three Directors shall be elected to serve one year and three to serve two years, and thereafter three Directors shall be elected each year to serve for two years. All officers shall hold office until their successors shall have been elected and qualified.

SEC. 3. All officers shall be exempt from dues and assessments during their term of office.

¹ The figures used are for an association with a membership of one hundred. The form is from the Cleveland Chamber of Commerce.

BY-LAWS

ARTICLE I

SECTION 1. The President shall preside at all meetings, call special meetings at the request of a majority of the Board of Directors, or at the written request of seven members of the association. Notice of special meetings must be posted before 7:30 A. M. of the day of the meeting. The President shall sign all orders on the Treasurer for money. He shall, on the second Tuesday in December and June, appoint an auditing committee, consisting of three members of the association, whose duty it shall be to audit the books of the Secretary and Treasurer and make its report at the next regular meeting of the Board of Directors. The President shall enforce all rules of the association and perform such other duties as may be required.

SEC. 2. The Vice-President shall perform the duties of the President in the absence of the latter.

SEC. 3. The Secretary shall keep and preserve all records, receive and deliver to the Treasurer all moneys due the association, take a receipt therefor, give each member a receipt for dues paid, issue notices of meetings and perform such other duties as the office may require.

He shall give a bond of \$100. He shall receive for his services a salary of \$25 per year. At the expiration of his term of office he shall deliver to his successor books, papers, and other property which belong to the association.

SEC. 4. The Treasurer shall receive and deposit in some banking institution, to be selected by the Board of Directors, all moneys belonging to the association and shall pay it out by check on orders signed by the President, Secretary, and one Director, and all checks must be signed by the Treasurer and countersigned by the President. He shall give a bond of \$—, said bond to be furnished by a surety company, the expenses of procuring the same to be borne by the association. (See note to Art. III, sec. 2.) He shall receive for his services a salary of \$10 per year.

SEC. 5. An investigating committee, consisting of three members, shall be appointed quarterly by the President and shall serve three months. Its duty shall be to visit the sick within forty-eight hours from the time of being notified by the Secretary and at least once a week thereafter, and report his or her condition to the Secretary in writing.

SEC. 6. The Board of Directors shall have general supervision of

the affairs of the association, and shall meet regularly once each month. It shall decide who are entitled to benefits. The board shall also have the power to cause the expulsion of a member from the association, the above action to require a two-thirds vote of those present.

SEC. 7. The Board of Directors shall have power at such times as in its judgment is just and necessary, to levy an assessment on the members of the association to meet the contingencies of excessive sickness or accident; provided, however, that such assessment shall not exceed fifty cents for first-class and twenty-five cents for second-class members, and that such assessment shall be levied not more than twice in one year. Further assessments may be levied by a two-thirds vote of the members present at a regular or special meeting.

SEC. 8. When an officer of this association shall leave the employ of the company said office shall be declared vacant and such vacancy shall be filled by the Board of Directors.

ARTICLE II

SECTION 1. Any person, after being in the employ of _____ for thirty days, and in good health, shall be eligible to membership in the association upon application to the Secretary and the payment of twenty-five cents for admission. All applicants, however, shall be subject to the approval of the Board of Directors; this approval shall constitute election to membership.

SEC. 2. Membership shall cease upon the resignation, suspension or expulsion of a member; upon his ceasing to be in the employ of _____ or upon his neglecting to pay his dues; and it shall be the duty of the Board of Directors to cause the names of persons coming within any of the above classes to be erased from the roll of membership. Temporary suspension from work shall not be considered as ceasing to be in the employ of the company.

SEC. 3. Anyone, after leaving the association, but remaining in the employ of the company, may become a member again by complying with the requirements of Art. II, sec. 1, and by paying all back dues and assessments from the time he left the association.

ARTICLE III

SECTION 1. The funds of the association shall consist of the admission fees, assessments, weekly or monthly dues of members, and any special gift to the association.

SEC. 2. When the amount of money in the treasury shall have

reached \$750 there shall be no further collections, except in the case of new members, until the amount has been reduced to \$400, after which the regular dues shall be collected until the amount in the fund shall again have reached \$750.²

ARTICLE IV

SECTION 1. The membership shall be divided into two classes: the first class to consist of those whose regular weekly pay is \$7.50 or more, and the second class of those whose weekly pay is less than \$7.50.

SEC. 2. The dues in the first class shall be 10 cents per week (or 50 cents per month), and in the second class 5 cents per week (or 25 cents per month), to be paid to the Secretary in advance.³

SEC. 3. All money received shall be placed in one general fund.

ARTICLE V

SECTION 1. Any member of the association unable to attend to his or her duties through sickness or disability must notify the Secretary at once of the date of such sickness or disability and shall be entitled to receive from the association out of the funds then on hand, if a member of the first class, one dollar per day, and if of the second class, fifty cents per day, Sundays excepted, for a period of not more than thirteen weeks.

SEC. 2. When any member is entitled to benefits, the Secretary shall issue an order on the Treasurer countersigned by the President and one Director, and such benefits shall be paid weekly in such amounts as the By-laws provide.

SEC. 3. No benefit to be paid to a member for the first week of sickness, except when the duration of sickness extends to two weeks

² For associations of different numbers of members:

Members	Minimum Amount	Maximum Amount	Amount of Bond of Treasurer
50	\$ 300	\$ 500	\$ 500
100	400	750	750
200	500	1,000	1,000
300	500	1,200	1,200
500	750	1,750	1,750
1000	1,000	3,000	3,000

³ In some cases it is found advisable that the paymaster of the company be authorized to deduct the amount of each individual's regular pay on pay days and to turn the amount over to the Treasurer of the association.

or more; then benefits shall be paid for the full term of sickness, including fractional parts of a week.

SEC. 4. Any member failing to notify the Secretary within one week from date of commencement of sickness or disability shall be considered to be on the sick list only from date on which notice is given.

SEC. 5. No member shall be entitled to benefits until he or she has been a member of the association for four weeks. No member who is in arrears for dues shall receive benefits.

SEC. 6. Any member in arrears for dues for four weeks shall be considered dropped, and his or her name shall be taken off the list of members.

SEC. 7. Any member having drawn benefits for the full term of thirteen weeks shall not be entitled to further benefits until he or she shall have been at work for a period of not less than four weeks, and no one shall draw, during one year, benefits for more than eighteen weeks' disability, unless by special action of the Board of Directors.

SEC. 8. If any member entitled to benefits and having drawn the same and returned to work, is again taken sick within a period of four weeks, such second sickness shall be considered as a continuation of the first sickness, and the member shall be entitled to benefits for such a number of days, only, as added to the previous term of sickness, shall make thirteen weeks.

SEC. 9. The Board of Directors shall have the right in all cases to require the certificate of a physician in good standing in regard to the sickness or disability of a member.

SEC. 10. No benefits shall be paid for any sickness, injury or disability arising from intemperance or from any immoral or unlawful act on the part of any member.

SEC. 11. Upon the death of a member in good standing, and one who has been a member for at least two months, a funeral benefit, consisting of \$75, if such member be of the first class, and \$37.50 if of the second class, shall be paid to his widow or legal representatives within five days after due notice has been given to the Secretary.

SEC. 12. In the event of the death of any member of whatever grade, suitable flowers shall be procured at a cost not to exceed \$5, and presented to the relatives or friends of the deceased member by a committee composed of the President of the association and Chairman of the Investigating Committee.

SEC. 13. Anyone detected in obtaining or attempting to obtain benefits fraudulently, shall be expelled from the association by the Board of Directors.

SEC. 14. All properties of the association held by officers must be turned over to their successors at the expiration of their term of office.

SEC. 15. A quarterly statement of the financial condition of the association shall be posted in some prominent place in the works of the company.

ARTICLE VI

SECTION 1. The constitution, by-laws and special rules of this association may be amended or repealed at any regular or special meeting by a two-thirds vote of all the members present at such meeting, provided, however, that two weeks' notice of such intended action shall be given to the Secretary and inserted in the call for such meeting, and that notice of the meeting shall be posted at least one week previous to the meeting in some prominent place in the factory.

RULES

1. The Secretary may adopt any method for the collection of the dues subject to the approval of the Directors.

2. No person shall speak more than twice or more than ten minutes at a time in the discussion of any business which may come before the association, except by unanimous consent.

3. Motions to adjourn without date, to lay on table and the previous question shall be decided without debate.

4. No debate shall be allowed on an appeal from the decision of the chair, except an explanation by the chair, and by the member making the appeal.

5. Cushing's *Manual* shall be the parliamentary guide of the association, except as provided by the constitution and by-laws.

6. The order of business at the regular meetings shall be as follows:

(1) Roll call.	(5) Unfinished business.
(2) Reading of minutes.	(6) New business.
(3) Report of officers.	(7) Election of officers.
(4) Report of committees.	(8) Adjournment.

7. The order of business at the Directors' meetings shall be as follows:

- (1) Roll call.
- (2) Reading of minutes.
- (3) Report of officers.
- (4) Report of committees.
- (5) Application for membership
and benefits.
- (6) Election of members.
- (7) Unfinished business.
- (8) New business.
- (9) Adjournment.

APPENDIX K

CONSTITUTION AND BY-LAWS OF THE SCOTTDALE IRON AND STEEL WORKERS' BENEFICIAL ASSOCIA- TION, SCOTTDALE, PA.

Amended May, 1902

PREAMBLE

Considering the infirmities of life, and the many accidents which happen to the employees of Iron and Steel Works from time to time, and knowing from the experience of past ages the utility of well-regulated societies, we have formed ourselves into a Beneficial Association and agree to be bound by the following Constitution and By-laws:

CONSTITUTION

ARTICLE I

This Association shall be known as the Scottdale Iron and Steel Workers' Beneficial Association, and must be located at Scottdale, Pa.

ARTICLE II

The officers of this Association shall consist of a President, Vice-President, Secretary, Treasurer, and seven Directors, all of whom shall be elected by ballot, to serve for one year. The election shall take place at the last meeting in December of each year. Each officer elected must receive a majority of the votes cast.

ARTICLE III

It shall be the duty of the President to preside at all meetings of the Association, appoint all committees, unless otherwise ordered by the Association, sign all orders on the Treasurer, call special meetings at the request of seven members, or when, in his judgment, he deems it necessary; to preserve order during the meetings, and to see that the Constitution and By-laws are faithfully observed.

ARTICLE IV

It shall be the duty of the Vice-President to preside at all meetings in the absence of the President, and in case of the death, resignation or removal of the President, he shall become President for the balance of the term.

ARTICLE V

It shall be the duty of the Secretary to keep records of the proceedings of all the meetings in a book for that purpose; to keep a roll of members; to draw all orders on the Treasurer, when ordered by the Directors, and to perform all duties appertaining to his office, for which he shall receive a salary of twelve dollars (\$12) per annum.

ARTICLE VI

The Treasurer shall receive all money belonging to the Association and shall deposit same in bank to the credit of the Association. He shall pay no money unless on an order granted by the Directors, signed by the President and attested by the Secretary. No checks upon the banks shall be valid unless signed by the Treasurer and countersigned by the President. He shall keep a strict account of all receipts and disbursements and shall give security in the sum of one thousand dollars (\$1,000) for the faithful discharge of his duty, for which he shall receive a salary of one hundred and fifty dollars (\$150) per annum.

ARTICLE VII

SECTION 1. It shall be the duty of the Board of Directors to examine all claims against the Association and to instruct the Secretary to draw orders on the Treasurer for such claims as they deem just. They shall visit all sick or afflicted members.

SEC. 2. In case the Directors have any doubt as to any claim they shall have the power to employ a physician, whose report shall be taken and who shall be paid by the Association. If a member shall be found to be imposing upon the Association, the benefits shall be stopped; he shall be reported at the next meeting, and shall be fined or expelled, as a majority of the members present shall determine.

ARTICLE VIII

SECTION 1. The Association shall meet once every month at the call of the President, for the collection of dues and fines, and for the transaction of all business appertaining to the Association.

SEC. 2. Ten members shall constitute a quorum.

ARTICLE IX

All persons between the ages of sixteen and forty-eight years who have been employed at the Scottdale Works of the American Sheet Steel Co. for a period of three (3) months or longer, and who are free from bodily disease and at work, are eligible to become members.

ARTICLE X

All applicants for membership must be elected by ballot. Should there appear three black balls in the ballot-box the applicant is rejected. The depositing of two black balls refers the application to an investigating committee, which is to investigate and report at the next meeting. The members depositing the two black balls shall state their objections to the said committee, and if objections are sustained by a majority of the members present, the applicant is rejected.

In other cases, where a vote is required, it may be done by calling for the yeas and nays or by showing of hands.

ARTICLE XI

The Association at the last meeting in December shall elect three auditors from the members, to inspect all books, accounts, and documents belonging to the Association, and report on the same to the Association at the first meeting in January following.

ARTICLE XII

The Association shall be supported by each member paying one dollar (\$1) per month as dues, as long as he remains a member of the Association; and no member shall be exempt from the regular payment in consequence of sickness or disability. All newly admitted members shall pay their entrance money (50 cents) in full, and no partial payment shall be taken from any member for his monthly contribution.

ARTICLE XIII

If any member entitled to receive benefits shall owe the Association for dues or fines, the amount of such dues or fines shall be deducted by the Secretary before benefits are paid.

ARTICLE XIV

Any member intending to apply for benefits must make his condition known to the President or Directors, on or before the sixth day of his sickness. Any member not conforming to this rule shall not be entitled to benefits until the sixth day after he complies.

ARTICLE XV

Any member who has paid his entrance money and membership fees for one month and who may be unable to follow his employment owing to sickness or accident, providing his inability to work lasts more than seven (7) days, shall, after the expiration of these seven (7) days, be entitled to receive one dollar (\$1) per day (Sun-

days excepted), during the continuance of his disability, subject to the following limitations: Sick benefits for any one accident or sickness shall not be paid for a period exceeding four (4) months, and no member who has received benefits for four (4) continuous months shall be entitled to benefits for a second accident or a second period of sickness until one (1) month has elapsed from the expiration of the four (4) months previously mentioned. It is, however, expressly provided that all the rights and benefits provided for in Arts. XX, XXI, and XXII, which regulate payments in the event of the death of a member, his wife or his child, shall continue without interruption, except as provided for in Art. XXIV.

ARTICLE XVI

Any member who shall be injured by accident to such an extent as to disable him at once and permanently from following his usual or other employment, shall be entitled to the benefits as provided in the previous article, and shall also receive the sum of \$2.50 from each member, the same to be collected and paid at the expiration of the four months, after which he shall cease to be a member.

ARTICLE XVII

If a member starts to work after being sick or disabled, and finds, after he has worked one day or part thereof, that he is unable to continue, he shall forfeit benefits for one day only, but should he work more than one day before finding himself unable to continue work, he shall receive no benefits until the eighth day after such cessation from work, and so on as per Art. XV, provided that no member shall receive more than four (4) months benefits for one and the same sickness.

ARTICLE XVIII

If the sickness of any member be the result of intemperance, immoral conduct, or self-abuse in any manner, he shall not be entitled to benefits, the same to be determined by the Board of Directors, as in Art. VII.

ARTICLE XIX

SECTION 1. Dues are paid in advance on the first day of each calendar month, and arrears as provided for in sec. 3 of this article shall be counted from the first day of each calendar month aforesaid.

SEC. 2. The funds remaining in the Treasury of this Association at the expiration of the year shall be divided among the members after deducting the entrance fee.

SEC. 3. Any member six weeks in arrears for dues shall not be entitled to a dividend or benefits.

SEC. 4. All fines and dues, if any, shall be deducted before a member receives a dividend or benefits.

SEC. 5. Members shall be entitled to dividends *pro rata*, according to the length of membership.

ARTICLE XX

At the death of any member, his wife or nearest of kin shall be entitled to fifty dollars (\$50) from the general treasury for funeral expenses and to an assessment of one and one-half dollars (\$1.50) levied upon each member.

ARTICLE XXI

At the death of the wife of any member, said member shall receive fifty dollars (\$50) from the general treasury for funeral expenses.

ARTICLE XXII

At the death of any member's child who is under sixteen years of age, or at the death of his father or mother, where said member is a single man, and he having been their only support, said member shall be entitled to the sum of twenty-five dollars (\$25) for funeral expenses.

ARTICLE XXIII

In the event of the funds becoming low through sickness or death, the Directors shall devise measures for increasing said funds. They shall report their recommendations at a meeting of the Association called for the special purpose of receiving such report, and the methods for increasing the funds decided upon at said special meeting shall be binding upon all the members of the Association.

ARTICLE XXIV

Any member leaving or having been discharged from the works, may retain his membership by the regular payment of his monthly dues and assessments until the last day of December, subject to the provision of Art. xix, sec. 3.

ARTICLE XXV

Any sick or disabled member residing away from the place of meeting, claiming benefits, shall send to the Association within one week after being taken sick, a written application together with a certificate from the attending physician, and shall forward additional certificates at least once every two weeks during the time for which

benefits are claimed. Directors are empowered to demand a sworn statement when they may consider it necessary.

ARTICLE XXVI

SECTION 1. Any member failing to pay his dues for four (4) consecutive months shall cease to be a member, and the Secretary shall strike his name from the roll.

SEC. 2. Any member having received benefits and neglecting to give notice to the Directors, declaring himself off the sick list when able to resume work, shall be expelled from the Association.

ARTICLE XXVII

Any member who shall use disrespectful or abusive language to an officer of this Association for discharging the duties pertaining to his office shall be expelled.

ARTICLE XXVIII

No alteration or amendment shall be made to this Constitution unless by a two-thirds vote of the members present at a regular meeting and one month's previous notice.

ARTICLE XXIX

Each member shall be furnished with a copy of the Constitution and By-laws free of charge, but any member destroying or losing the first one shall pay for the second.

ARTICLE XXX

Any member found drinking intoxicants during the time he is receiving benefits (unless said intoxicants shall have been prescribed by a physician, in which case they shall be taken at the beneficiary's home only), shall be fined two dollars (\$2) for each offense, upon due proof thereof; and if any member shall become intoxicated while receiving benefits, he shall be fined ten dollars (\$10) upon conviction.

ARTICLE XXXI

Should any dispute arise in the Association as to the true intent and meaning of any section of these By-laws, the Chair shall appoint a committee of three (3) to construe the section and to report their construction to the Association for approval.

ARTICLE XXXII

SECTION 1. An officer of this Association may be removed from office for misconduct or neglect of duty by a two-thirds vote of the

members present at any regular meeting after he shall have been served with a copy of the charges preferred against him, one month previous to taking action on the said charges.

SEC. 2. When charges are preferred against an officer, the Board of Directors may, if they deem it for the best interests of the Association, suspend such officer pending the action of the Association.

SEC. 3. Charges shall be considered as preferred when signed by three members and delivered to the President.

RULES OF ORDER

1. No member shall be interrupted while speaking, unless it shall be to call him to order, or for the purpose of explanation.

2. If any member while speaking be called to order he shall, at the request of the Chair, take his seat until the question of order has been determined, when, if permitted, he may proceed.

3. Each member, when speaking, shall be standing, respectfully address the Chair, confine himself to the question under debate, and avoid all personal, indecorous or sarcastic language.

4. If two or more members arise at the same time, the President shall decide which is entitled to the floor.

5. Appeals may be taken from the decision of the Chair, but a two-thirds vote is necessary to sustain such appeal.

6. The President shall be guided by the Congressional Manual in all his decisions.

7. No member shall speak more than twice, or longer than five minutes, on the same subject, unless by permission of the Association.

8. A member, if under the influence of liquor, will not be allowed to address the Chair and shall leave the hall at the request of the President. Any member refusing to comply with said request shall be fined one dollar (\$1) for the first offense and expelled for the second offense.

ORDER OF BUSINESS

1. Calling the meeting to order.	9. Deferred business.
2. Calling roll of officers.	10. New business.
3. Reading the minutes.	11. Remarks for benefit of Association.
4. Report of relief committee.	12. Collection of dues.
5. Proposition of candidates.	13. Report of Treasurer.
6. Balloting for candidates.	14. Calling roll of members.
7. Communications and bills.	15. Adjournment.
8. Report of business committee.	

At a regular meeting, held February 21, 1903, Art. XXIV was amended to read as follows: "If any member leaves the employ of the American Sheet Steel Company at Scottdale, either voluntarily or by reason of his being discharged, his membership in the Association shall cease from the date of such cessation of employment, and the proportion of treasury funds attaching to his membership shall be returned to him."

APPENDIX L

MUTUAL BENEFIT ASSOCIATION OF THE STUDEBAKER BROS. MFG. CO., SOUTH BEND, IND.

CONSTITUTION AND BY-LAWS

ARTICLE I NAME

SECTION 1. The Carriage Trimmers' Mutual Benefit Association of the Studebaker Bros. Mfg. Co. of South Bend, Ind.

ARTICLE 2

SECTION 1. The object of this Association shall be the mutual relief of members in case of sickness or accident when sufficient to unfit them for their daily labors, or when detained from their work by quarantine.

ARTICLE 3

SECTION 1. Membership in this Association shall consist of one class, composed of full and half certificates.

SEC. 2. Any person making application for membership in this Association shall pay an entrance fee of one dollar (\$1) for a full certificate and fifty cents (50c.) for a half certificate.

Any member changing from a half certificate to a full certificate shall pay a fee of fifty cents (50c.), and no changes or erasures from the roll of membership shall be made without the Secretary being duly notified.

SEC. 3. A member shall not be allowed to hold but one full certificate.

SEC. 4. All applications for membership must be made to the secretary in writing, and the person making the application must be in good health and have been thirty days prior to the date of making such applications.

SEC. 5. Connections with this Association shall terminate when the member has been suspended or expelled by the order of the Board of Directors, or when the said member is in arrears for weekly or extra assessments.

ARTICLE 4

SECTION 1. The officers of this Association shall consist of a President, first and second Vice-Presidents, and six Directors; the

President to act as the chairman of the Board of Directors.

SEC. 2. The Board of Directors shall meet Friday of each week and at such other times as the President shall appoint.

SEC. 3. All officers shall be elected by ballot at the annual meeting and shall hold office one year, or until their successors have been elected.

ARTICLE 5

SECTION 1. The President shall preside at all meetings of the Association and Board of Directors and he shall cast a deciding vote. He shall call special meetings at the request of a majority of the Board of Directors, or at the written request of ten members of the Association; he shall sign all orders on the Treasurer for money or supplies.

SEC. 2. Upon the notice of the Secretary of the sickness of a member, the President shall at once appoint a visiting committee of three members, whose duty it shall be to visit the members in question and report to the Secretary as soon as possible. The President shall enforce all rules of the Association and perform such other duties as may be required of him.

SEC. 3. The Vice-President shall perform the duties of President in the absence of the latter.

SEC. 4. The Secretary may adopt any method for the collection of assessments as he may deem best, subject to the approval of the Board of Directors. He shall turn over all moneys to the Treasurer, and shall keep all records, blank forms and other printed matter, issue all notices of special meetings and perform such other duties as the office may require of him. He shall give a bond of twenty-five dollars (\$25) subject to the approval of the Board of Directors and shall receive two dollars (\$2) per year for his services.

SEC. 5. The Treasurer shall receive and hold all moneys belonging to the Association, and shall pay it out only upon orders signed by the President and not less than four Directors, he shall invest the funds of the Association subject to the approval of Directors and shall make a quarterly report to the Board of Directors. He shall give a bond of five hundred dollars (\$500) subject to the approval of the Board of Directors, and shall receive one dollar (\$1) per year for his services.

SEC. 6. The Directors with the President shall have general supervision of the affairs of the Association, they with the President shall decide who are entitled to relief and shall audit the books of the

Association every six months or at any time they may deem it best. They with the President shall have the power to levy an assessment on the members of the Association to meet the contingencies of excessive demands for relief, provided such assessment shall not exceed fifty cents (50c.) for holders of a full certificate and twenty-five cents (25c.) for holders of a half certificate. They shall hear and decide all questions in dispute concerning members of this Association.

SEC. 7. Any member having accepted office in this Association will be expected to serve the full term or pay one dollar (\$1) on vacating his office; unless, on his excuse being accepted by the Board of Directors, he be allowed to retire from office.

SEC. 8. All vacancies in the offices of this Association shall be filled by ballot at a special meeting called for that purpose and such meeting shall be called within four days after an office has become vacant.

ARTICLE 6

SECTION 1. The regular meeting of this Association shall be held annually on the second Monday in July.

SEC. 2. Ten members shall constitute a quorum for the transaction of business and no business shall be transacted unless a quorum be present.

ARTICLE 7

SECTION 1. The funds of this Association shall consist of entrance fees, assessments, extra assessments, and voluntary contributions.

SEC. 2. The weekly assessments for full certificates shall be ten cents and for half certificates shall be five cents per week, to be paid in advance to the Secretary every two weeks, on Saturday following pay day.

SEC. 3. Arrears of assessments cannot be received after a lapse of four weeks except by order of the Board of Directors and after the payment of arrears the member becomes a member in good standing.

SEC. 4. Whenever the funds of the Association shall reach the sum of five hundred dollars the Board of Directors shall cause the weekly assessment to be suspended until the sum in the treasury falls below three hundred dollars, when the Board of Directors shall cause the weekly assessment to be resumed. In the event of the fund falling below two hundred dollars the Board of Directors shall cause the assessment to be doubled until the sum of two hundred dollars is again reached.

SEC. 5. The Board of Directors shall have the power to change the maximum fund as the increase in the membership may demand.

ARTICLE 8

SECTION 1. A member to be entitled to benefits must be a member for thirty days before date of sickness.

SEC. 2. Any member of the Association unable to attend to his duties must notify the President or Secretary at once of date and cause of sickness or disability and after the expiration of six days from date of such notice the member shall be entitled to receive from the Association, if he be a holder of a full certificate, the sum of eighty-three and one-third cents per day; and if he be a holder of a half certificate he shall receive the sum of forty-one and two-thirds cents per day, for every day of his sickness or disability, Sundays and legal holidays excepted, for a period not exceeding twelve weeks or seventy-two days.

SEC. 3. Any member having drawn benefits for the full term of twelve weeks or seventy-two days shall not be entitled to further benefits for sickness or disability until after the expiration of six months from date of notification of sickness.

SEC. 4. Any member being sick for two weeks or more shall receive benefits from date of sickness.

SEC. 5. A visiting committee shall be appointed by the President in writing, whose duty it shall be to visit any sick member.

SEC. 6. The visiting committee shall make a report in writing to the President or Secretary at once and said report shall be signed by each member of the committee.

SEC. 7. The reports of visiting committees shall be confidential in the strictest sense of the word and the Secretary shall keep all such reports on file.

SEC. 8. For the first week of any sickness or disability the case shall be visited by the committee and reported on as usual, but for any week or part of week thereafter the member to be entitled to benefits must provide and forward to the Secretary in time for the weekly meeting of the Board of Directors a medical certificate, otherwise the case for that week will not be considered unless the Board of Directors shall decide otherwise.

SEC. 9. Any member in case of sickness or disability while absent from city must, in order to receive benefits, send a physician's certificate weekly so the case can be considered by the Board of

Directors at their weekly meeting; if a member should fail to do so he shall not be entitled to benefits.

SEC. 10. The Board of Directors may employ some competent physician to visit a sick member should they deem it necessary, to examine and report the facts in the case of sickness or disability referred to them.

SEC. 11. Any member being discharged or dropped from the payroll of the Studebaker Bros. Mfg. Co. Trimming Department, may retain membership as long as he or she is in the city of South Bend, Ind., and does not engage in any occupation that is any more hazardous than their present occupation.

SEC. 12. Members appointed to serve on visiting committee must do so unless excused by officer appointing them. All members refusing to serve shall lay themselves liable to a fine of fifty cents for the first offense and one dollar for the second offense. If he refuses to pay such fines he may be suspended from all benefits for such a period as the Board of Directors may decide or he may be expelled from the Association if the Board of Directors so order.

SEC. 13. No benefits shall be allowed for chronic cases—cases likely to re-occur from time to time. The history of the case with or without a medical certificate shall be evidence enough for the Board of Directors to determine the merits of the case.

SEC. 14. No benefits shall be allowed for any sickness or disability arising from intemperance or criminal or immoral acts on the part of any member.

SEC. 15. If any member shall be guilty of frequenting saloons or any disreputable places or found intoxicated while securing benefits from this Association he may be suspended from benefits or expelled from the Association if the Board of Directors so order.

SEC. 16. Members expelled from this Association cannot be again re-instated.

SEC. 17. Members dropped from the register for arrears may be re-instated only as new members.

SEC. 18. Members feigning sickness or disability or otherwise attempting to obtain benefits from this Association by fraudulent means may be tried by the Board of Directors sitting as a court and this court shall have the power, if the attempt is proven, to inflict the penalty of suspension from benefits or expulsion from the Association.

ARTICLE 9

SECTION 1. All questions in dispute between the Board of Directors and the members of this Association may be settled by arbitration.

SEC. 2. The Board of Arbitration shall consist of three men, not members of this Association.

SEC. 3. Any member wishing to appeal from the decision of the Board of Directors shall state his case, in person, if possible, or in writing, to the President or Secretary.

SEC. 4. When an appeal is taken from the Board of Directors, the President shall appoint one arbitrator, the aggrieved one, and these two only shall appoint the third.

SEC. 5. The Board of Directors shall furnish the Board of Arbitration with a copy of their proceedings in the case in question.

SEC. 6. The member taking an appeal shall furnish the Board of Arbitrators with a full statement of his case in writing and may appear in person or by council.

SEC. 7. All decision of the Board of Arbitrators shall be considered final.

ARTICLE 10

SECTION 1. The Constitution and By-laws can be changed or amended only by a two-third majority vote of all members present at any regular or called meeting.

RULES

Cushing's Manual shall be used in governing all meetings.

APPENDIX M

THE UNIVERSITY OF CHICAGO PRESS MUTUAL BENEFIT ASSOCIATION

CONSTITUTION

ARTICLE I

SECTION 1. This association shall be known as "The University of Chicago Press Mutual Benefit Association," and shall not have power to dissolve itself while there are ten dissenting members.

SEC. 2. The object of this association is to establish a fund for the payment of benefits to sick or quarantined members, and a funeral benefit to the family of a deceased member.

SEC. 3. Membership in this association shall be limited to the employees of the University of Chicago Press earning seven dollars or more per week.

ARTICLE II

SECTION 1. The elective officers of this association shall consist of a President, a Vice-President, a Secretary, a Treasurer, a Board of Directors consisting of five members, one of whom shall be the President, *ex-officio*, and a Committee on Membership, consisting of three members, and shall hold office for one year and until their successors are elected and have qualified. Any vacancy occurring shall be temporarily filled by the Board of Directors, to take effect until the next stated meeting; at which time an election shall be held to permanently fill the vacancy.

ARTICLE III

SECTION 1. *President:* It shall be the duty of the President to preside at all meetings of the association and to enforce order and a strict observance of the constitution and by-laws; indorse all orders of the Relief Committee; appoint all special and standing committees, including a Relief Committee, which shall be appointed for each case, and shall consist of three members; fill all vacancies unless herein otherwise provided; and transact such other business as may by custom appertain to his office. All reports shall be made to him. Applications for sick benefits shall be addressed to him, or, in his absence, to the Vice-President, and such application shall be forth-

with referred to a Relief Committee, whose duty it shall be to visit the applicant and report upon his case at once. The President shall, *ex officio*, be a member of the Board of Directors and of each standing committee.

SEC. 2. Vice-President: The Vice-President shall, in the absence of the President, perform the duties and possess all the powers of the President.

SEC. 3. Secretary: The Secretary shall receive all moneys paid to the association and turn them over to the Treasurer, taking his receipt therefor. At the January meeting he shall make a detailed statement of the receipts and disbursements of the association and a report of all members in arrears for dues or otherwise. It shall also be his duty to record the proceedings of the association in a book to be especially provided for that purpose, to read all papers addressed to it, and notify members of all special meetings. The books kept by him shall at all times be open to inspection by the Board of Directors. At the end of his term of office he shall surrender all books and papers belonging to the association to his successor. He shall receive all applications for membership, keeping a record of the same; and shall turn such applications over to the Committee on Membership. All necessary expenses incurred by him in the discharge of his official duties shall be defrayed by the association. He shall be allowed such compensation for his services as may be prescribed by the association, which, however, shall at no time exceed 10 per cent. of the current income of the association.

SEC. 4. Treasurer: The Treasurer shall be the custodian of all moneys belonging to this association. At the January meeting and also at the end of his term of office he shall make a report of all moneys received and disbursed by him, and the amount of all funds on hand, loaned, or invested. He shall deposit all funds of the association in a bank to be designated by the Board of Directors, to the credit of the association, and all checks against such deposit shall be drawn on the order of the Board of Directors through the Secretary, and signed by himself as Treasurer, and countersigned by the President. He shall give a surety bond to the association in the sum of \$1,000, acceptable to the Board of Directors, the cost of such bond to be defrayed by the association.

SEC. 5. Board of Directors: In the Board of Directors shall be vested authority to execute all the by-laws and orders of the association, provided, however, that in all cases appeal may be made to the

association, which shall be promptly called to meet in special meeting as provided in Article V, sec. 2, of this constitution. Such appeal shall be in writing, addressed to the Board of Directors and may be made by any member. The Board shall have no option in such case, but shall forthwith notify the President, or, in his absence, the Vice-President, of such appeal. The Board of Directors shall receive the reports of the Secretary and of the Treasurer and certify to the correctness of the same. The Board of Directors shall have the power to levy an assessment on all members of the association, not exceeding double the weekly dues paid, except in case of the payment of a death benefit, the amount of the assessment for which shall be regulated by the by-laws, at any time the needs of the association may render such acts advisable or necessary; provided, however, that not more than one assessment shall be levied in any one week.

SEC. 6. *Committee on Membership:* Application for membership in this association shall be acted on by the Committee on Membership.

ARTICLE IV

SECTION 1. The election of officers of this association shall be held at the regular January meeting by ballot.

SEC. 2. The presiding officer shall appoint two members as tellers of election, who shall receive and count the votes in the presence of the Secretary, who shall announce the result to the presiding officer, who in turn shall declare to the association the names of the successful candidates.

SEC. 3. A candidate must receive a majority of the votes cast. In the case of the Board of Directors the four candidates receiving the highest number of votes shall be declared elected.

ARTICLE V

SECTION 1. The stated meetings of this association shall be held the first Monday in January, April, July, and October.

SEC. 2. Special meetings may be called by the President on his own motion, and shall be called by him on the request of five members in writing, or for the purpose of deciding appeals, as provided in Article III, sec. 5 hereof. Such meetings shall be held on not less than twenty-four hours' notice, to be posted in some public place accessible to the members of the association.

SEC. 3. On the death of a member the President shall immediately call a meeting to make necessary arrangements to attend the funeral of the deceased.

SEC. 4. Eight members, one of whom shall be either the President, the Vice-President, or one of the Directors, shall constitute a quorum for the transaction of business.

ARTICLE VI

SECTION 1. This constitution may be amended at any regular meeting of not less than ten members by a unanimous vote, or by a two-thirds vote if one month's previous notice in writing of the section intended to be amended is given. Such notice shall be addressed and delivered to the Secretary and a copy thereof shall by him be posted in some public place as prescribed by the by-laws.

BY-LAWS

ARTICLE I

SEC. 1. All applications for membership in this association shall be made in writing and delivered to the Secretary, who shall refer the same to the Committee on Membership.

ARTICLE II

SECTION 1. Members of this association shall be divided into two classes and shall pay monthly dues in advance to the association on the following basis:

Class A: Those earning \$12 or more per week, 10 cents for each week.

Class B: Those earning under \$12 per week, 5 cents for each week.

SEC. 2. Dues shall be deducted from the wages of members on the first pay day in each month by the cashier of the University Press; and, in case of an assessment, the Secretary shall notify the cashier of the additional amount to be deducted over and above the dues, which shall be deducted from the wages on the pay day next succeeding such notice. Any member being in arrears for dues for one month, shall be considered as no longer in good standing.

ARTICLE III

SECTION 1. Any member in good standing shall, subject to the provisions of this article, during sickness or quarantine, be paid benefits as follows: Members in Class A, \$8 per week; members in Class B, \$4 per week; provided, however, that no sick benefits shall be paid to any member during sickness due to or resulting from intoxication, or the use of narcotics, or any unlawful or immoral act.

SEC. 2. No member shall be entitled to benefits under the preceding section unless he shall be sick and incapacitated from work for one week or more, in which case benefits shall be paid for the entire period of such sickness, not to exceed a total of six weeks, provided, however, that notice of such sickness or incapacity has been given in accordance with the provisions of the following section. In no case, however, shall more than twelve weeks' benefit be paid to any one member in any calendar year.

Provided, that a member who has drawn twelve weeks' benefit for the calendar year shall not be eligible for future benefits until after a doctor's certificate of good health has been received.

If a member carries other sick and accident insurance, making a total indemnity in excess of his regular wages, the association will pay only such portion of the benefit herein provided as his regular wages bear to the total indemnity.

SEC. 3. Application for sick benefits shall be made to the President, who shall forthwith appoint a Relief Committee of three members, whose duty it shall be to visit the applicant and report his condition weekly to the Secretary who shall keep a record of such reports. On the recommendation in writing by such Relief Committee and approval by the President it shall be the duty of the Secretary to draw an order on the Treasurer for the amount of sick benefits as provided in Article III, sec. 1, as the same shall become due and payable, and the Treasurer shall thereupon pay the same to the member entitled thereto, or his order.

SEC. 4. In every case when it is possible the Relief Committee, before recommending the payment of benefits, shall require and obtain a doctor's certificate that the applicant is unable to work, and shall file the same with their report.

SEC. 5. In case of the inability of the Relief Committee to decide as to whether an applicant for benefits is entitled thereto, the President shall immediately call a special meeting of the members of the association whose decision shall be final.

SEC. 6. No one shall be entitled to benefits unless he shall have been a member of this association in good health for one month; except in case of accident, in which case he shall be entitled to benefits from the date of such accident, subject to the other provisions of these by-laws.

SEC. 7. An appeal may be taken from any decision of the Relief Committee. Such appeal shall be decided by a secret ballot, and a

two-thirds vote of those present and voting shall be required to reverse such decision.

SEC. 8. Members incapacitated from work may leave the city on receiving the sanction of the full Relief Committee. In such a case a doctor's certificate as to such member's condition shall be required before paying sick benefits for each week.

SEC. 9. In addition to the sick benefits herein provided for, the association shall pay the sum of \$50 to the immediate family of any member dying while in good standing, on proof of such death being furnished, which sum shall be devoted toward defraying the expenses of the funeral, and shall be raised by means of a *pro rata* emergency assessment.

ARTICLE IV

SECTION 1. The Treasurer of the association shall open accounts for two separate funds, to wit: the "general fund," and the "emergency fund."

SEC. 2. To the general fund shall be credited the weekly dues as paid.

To the emergency fund shall be credited all donations to the association.

SEC. 3. All benefits shall be paid solely from the general fund until the same is exhausted. In such a case resort may then be had to the emergency fund.

ARTICLE V

SECTION 1. Loans may be made to members in good standing out of any moneys available for such purpose in the general fund if in the opinion of the Board of Directors a sufficient emergency exists on the part of the applicant to make such loan necessary. But no loan shall be made for a sum exceeding \$20 to any one member. For a loan not exceeding \$5 the borrower shall give an order for the amount on the cashier of the University Press payable on demand out of his salary. For a loan exceeding \$5 a satisfactory indorser shall be furnished, in addition to giving the order as aforesaid. All loans must be repaid within four weeks. Interest shall be charged at the rate determined by the Board of Directors, and shall be payable in advance. No loan of less than \$1 shall be made. Application for loans shall be made to the Secretary.

SEC. 2. All loans outstanding must be paid on or before the first Monday in January and July. Any borrower failing to make such

payment shall be taken to be no longer in good standing and shall thereby forfeit all right to the payment of any benefits.

SEC. 3. Any member owing any borrowed money to the association at the time he is taken sick or is disabled by accident shall pay interest on all over \$5, and reduce the principal of the debt \$1 each week until the sum of such loan is \$5, when the running of interest thereon shall cease until recovery and return to work. The Treasurer shall deduct all interest due each week on such a loan, together with the \$1, as aforesaid, from any benefit which may be payable to such borrower.

SEC. 4. Any member in arrears for interest or principal for one month shall be taken to be as no longer in good standing, and shall forfeit all rights to benefits as provided in these by-laws until restored to good standing.

ARTICLE VI

SECTION 1. In case of any member desiring to withdraw from the association, he shall give notice thereof in writing to the Secretary.

SEC. 2. No member expelled or suspended for any cause shall be readmitted a member of this association except upon a unanimous vote of all the members of the association present at the meeting; and then only upon payment of all sums due by him at the time of such expulsion or suspension.

Provided, that every member drawing benefits for twelve weeks in any one year shall stand suspended until reinstated by action of the Committee on Membership.

SEC. 3. Any member of the association may be expelled or suspended at any stated or special meeting by a majority vote of all members present, provided, however, that charges have been preferred at least one week previous to such act, by delivering a copy of the same in writing to the member himself and to the Secretary.

ARTICLE VII

SECTION 1. These by-laws may be amended at any meeting of not less than ten members by a unanimous vote, or by a two-thirds vote if one week's previous notice in writing of the section intended to be amended is given. Such notice shall be addressed and delivered to the Secretary, and a copy thereof shall by him be posted in some public place on each floor of the Press building.

APPENDIX N

EXTRACTS FROM THE THIRTEENTH BIENNIAL REPORT OF THE BUREAU OF LABOR AND INDUSTRIAL STATISTICS (1908)

J. D. BECK, Commissioner; M. O. LORENZ, Deputy

INDUSTRIAL ACCIDENTS AND EMPLOYERS' LIABILITY IN WISCONSIN

What would be the cost if we continued with the law of negligence?—Employers' liability insurance costs now in Wisconsin from 12 cents per \$100 of wages in knitting mills to at least \$9 in some building operations—an average of 50 or 60 cents. But it is very probable that this expense would be increased in the near future by weakening the defense of the employer in the courts. In the railroad industry, the fellow-servant doctrine has been abolished in this state and the doctrine of contributory negligence has been seriously modified. *Similar modifications are practically inevitable for other hazardous industries if the present system of liability is retained.* That means that the liability companies will charge more and more for a liability policy. But in addition where there is no legal liability, employers are appealed to for charity.

One absurdity of our present law is that it says: A railroad brakeman cannot wholly be barred from compensation by the defense of contributory negligence, but a structural steel worker or a worker in a sewer (both in very hazardous employments) can be debarred from compensation by that defense. The reason for this is that the accidents in the railroad industry were the first to attract attention. But that other classes of accidents are now relatively more important, is shown by the following analysis of Wisconsin Supreme Court cases *involving claims by injured workmen against their employers.* Before 1890, three-fourths were railway cases; since 1890, less than one-fourth are railway cases.

	STEAM RAILWAY CASES		OTHER INDUSTRIAL CASES		TOTAL	
	Number	Per cent.	Number	Per cent.	Number	Per cent.
Before 1890.....	51	77.2	15	22.8	66	100
1890-1907.....	66	27.4	175	72.6	241	100
All cases	117	38.1	190	61.9	307	100

What could be paid with his money if distributed on the insurance principle?—The cost of the present system would be sufficient to inaugurate a general system of compensation if properly administered. The following estimate, which has been explained in chap. iii, is made on the basis of Wisconsin accident statistics:

To pay regardless of negligence for each fatal industrial accident three times the annual earnings, and for non-fatal accidents one-half wages during disablement after the second week up to one year, together with an additional payment of \$500, or less, according to the degree of the injury, to those permanently injured, and for all cases first medical aid, would cost at a maximum as follows for manufacturing establishments reported in the federal Census of 1905 for Wisconsin.

Fatal accidents at three years' earnings.....	\$164,290.80
Non-fatal during total disability for one year after the first two weeks at one-half wages.....	83,880.37
Permanent disability—additional.....	150,125.00
Medical fees, first aid at \$500 per case.....	20,525.00
Administrative (15 per cent.).....	73,909.62
 Total.....	 \$492,730.79

This would be approximately 68.9 cents per \$100 of the wages bill or \$3.25 per man per annum, employed, on an average. In some industries it would be less and in some more. If these same manufacturers had been insured at existing employers' liability rates, the cost would have been about \$416,204.61, which is 58 cents per \$100 of wages or \$2.75 per man per annum. That this last estimate is a reasonable one, appears from the following (explained in detail in chap. iii): The Bureau received reports from 540 establishments regarding their expenses on account of industrial accidents and wages in the year 1906. This result shows an average expense of from 53 to 58 cents per \$100 of wages on the wages bill, and from \$2.50 to \$2.80 per man employed. The difference between the two estimates of \$492,730 and \$416,204 is not enough to prevent the adoption of a system of workmen's compensation on the ground of expense.

Moderate compulsory liability or a voluntary co-operative insurance fund? (a) *Compulsory liability.*—The preceding suggestions would be substantially carried out by the English system with the scale of benefits paid under the act of 1897. This would mean

that little further governmental machinery would be necessary. The law would make employers in certain occupations liable for a given amount of damages in case of accidents to their employees without regard to ordinary negligence or assumption of risk, and employers would insure themselves as at present with employers' liability insurance companies. There are two objections to this plan: first, as has already been suggested, it may be unconstitutional, and second, it would retain the wasteful system of employers' liability insurance under competitive conditions.

b) A voluntary co-operative insurance fund.—Another plan for embodying the preceding suggestions would be as follows: Employers and employees would be allowed to make a contract whereby the employer would be relieved of the liability for damage suits on account of industrial accidents to his employees on condition that he paid into a fund, to be managed by the State Insurance Commissioner, or some special commission, an annual payment about equal to the present cost of employers' liability insurance in his industry. From this fund workingmen who had entered the scheme would receive a benefit (specified by law) in case of injury regardless of negligence (except in case of gross misconduct) without making any contribution themselves.

The state could probably not guarantee the fund without an amendment to the constitution. In other respects such a solution of the problem would be similar to the Illinois Commission plan, explained in the appendix. It would, however, have some advantages over that plan. The expenses of administration would probably be less because part of the administrative work could be borne by the state. Considering the public advantages of such a system, the state could very properly contribute something in this way indirectly. It would give the state more complete information regarding accidents than if it simply asked private companies for reports. Direct state supervision of this kind would inspire confidence and would guarantee fairness in the rates charged. . . .

The conduct of liability insurance by private companies has proved excessively wasteful. As explained in chap. iii, they charge about two and one-half times as much as they pay out in losses. The plan here outlined could certainly be managed for much less than that. The administrative expenses of the German accident insurance system, as already stated, are now 13.50 per cent. of total expenditure, and probably will be less in the future; and the experience of Wisconsin

local fire mutuals indicates that the administrative expenses of the fund need not be more than 15 or 20 per cent.

To promote economy and speed in settlement, use might be made of the device employed by the Ocean and Accident Guarantee Corporation, elsewhere fully explained, whereby the employer might settle all small cases immediately according to his own interpretation of the law, and be reimbursed from the insurance fund up to 80 or 90 per cent. of what he paid out.

How the workman may be encouraged to provide for himself.—It might be made a part of the conditions of the organization of the mutual insurance fund mentioned in the preceding section, that workmen who paid additional premiums (either directly or by having them deducted from their wages) into this fund, should receive additional benefits.

Or, it might be advisable to separate these two features, and organize a system of workingmen's accident insurance on the plan now being tried for life insurance and annuities in Massachusetts, through the efforts of Mr. Louis D. Brandeis.

By an Act of the Massachusetts legislature in 1907, savings banks are permitted to establish departments for the issue of life insurance. These departments (two of which having been organized at the present time) are to be conducted at a minimum expense, no solicitors being allowed. The waste in industrial insurance as now conducted by private companies is very great. It is the thought of this Massachusetts plan to supply good insurance at a low price to those who want it. It is only when such an opportunity is offered that one can reasonably adopt the principle of "let each man look out for himself."

Similarly the attitude, frequently expressed, "Let each man buy his own accident insurance in the same way that he buys his fire insurance" will only then be a reasonable one when the workingman is given an opportunity to buy this article without feeling that he is being robbed.

Conclusion.—The foregoing considerations make inevitable the conclusion that the existing method of settling the claims arising out of accidents to workingmen while at work can be greatly improved. In some manner we should introduce the idea of insurance, which practically disregards the idea of negligence. Perhaps it would be best first to test the constitutionality of making all employers liable to moderate benefits, amounting on an average to about as much as they would pay under the present system, in all cases of accidents, and

then releasing them from the liability to damage suits when these benefits have been paid. But if this is inadvisable, it would be desirable to have permissive legislation, as outlined in preceding sections, combining the idea of encouraging co-operation between employers and employees, state supervision of insurance funds to guarantee fairness, and the opportunity for workingmen to provide adequately for themselves.

In fact, a number of bills might be passed, each capable of standing alone, yet supplementing the others. Such bills would be in substance as follows: (1) Extend the law regarding the railway industry given on p. 84 (chap. 254, Laws of 1907) to other employments; (2) give the workmen the option of proceeding under the law of negligence or under a law of compulsory liability that disregards negligence, but not under both; (3) provide for a voluntary co-operative insurance fund as above outlined; (4) require complete reports from employers' liability insurance companies. The combining and choosing of these plans is the work of the legislator.

APPENDIX O

LAWS OF MASSACHUSETTS, 1908, CHAPTER 489

An Act to Authorize and to Provide for the Approval of Plans of Compensation for Injured Employees.

BE IT ENACTED, etc., as follows:

Section 1. Any employer of labor may submit to the State Board of Conciliation and Arbitration a plan of compensation for employees in his employ, providing for payments to said employees in the event of injury in the course of their employment, based upon a certain percentage of the average earnings of such employees, and without reference to legal liability under the common law of the employers' liability act. After examination of such plan of compensation, and a public hearing thereon after public notice thereof, the board of conciliation and arbitration may, if it considers the same fair and just to the employees, give its approval thereof by certificate to be attached to such plan.

Sec. 2. After obtaining the approval of a plan of compensation as set forth in the foregoing section, it shall be lawful for the employer to enter into a contract with his employees by which such employees shall release the employer from liability in case of injury in the course of said employment and accept in lieu thereof the compensation provided in said plan of compensation.

Sec. 3. Either parent of any minor employee or the guardian of such minor may agree to said plan of compensation in behalf of the minor. Such agreement shall be in writing signed by the employee, or, in case of a minor employee, by either parent or guardian, in the presence of two witnesses, of whom one shall be an employee at the time of such signature.

Sec. 4. No employer shall require as a condition of employment that any employee shall assent to any plan of compensation or in any way waive his legal right to recover damages for an injury outside the provisions of such plan.

Sec. 5. No contract under such plan of compensation shall be binding for more than one year from the date thereof.

Sec. 6. So much of section sixteen of chapter one hundred and six of the Revised Laws as is inconsistent herewith is hereby repealed.¹

Sec. 7. This act shall take effect upon its passage. (Approved May 5, 1908.)

This law embodies one of the central principles of the bill proposed by the Illinois Industrial Insurance Commission in 1907, that of release of employers from liability when they have insured their employees in a satisfactory scheme. But in this law the terms are decided by an administrative board, while in the Illinois bill the legislature itself was asked to determine the basis. There are other differences.

¹ Sec. 16 reads as follows: "No person shall, by a special contract with his employees, exempt himself from liability which he may be under to them in their employment and resulting from the negligence of the employer or of a person in his employ."

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